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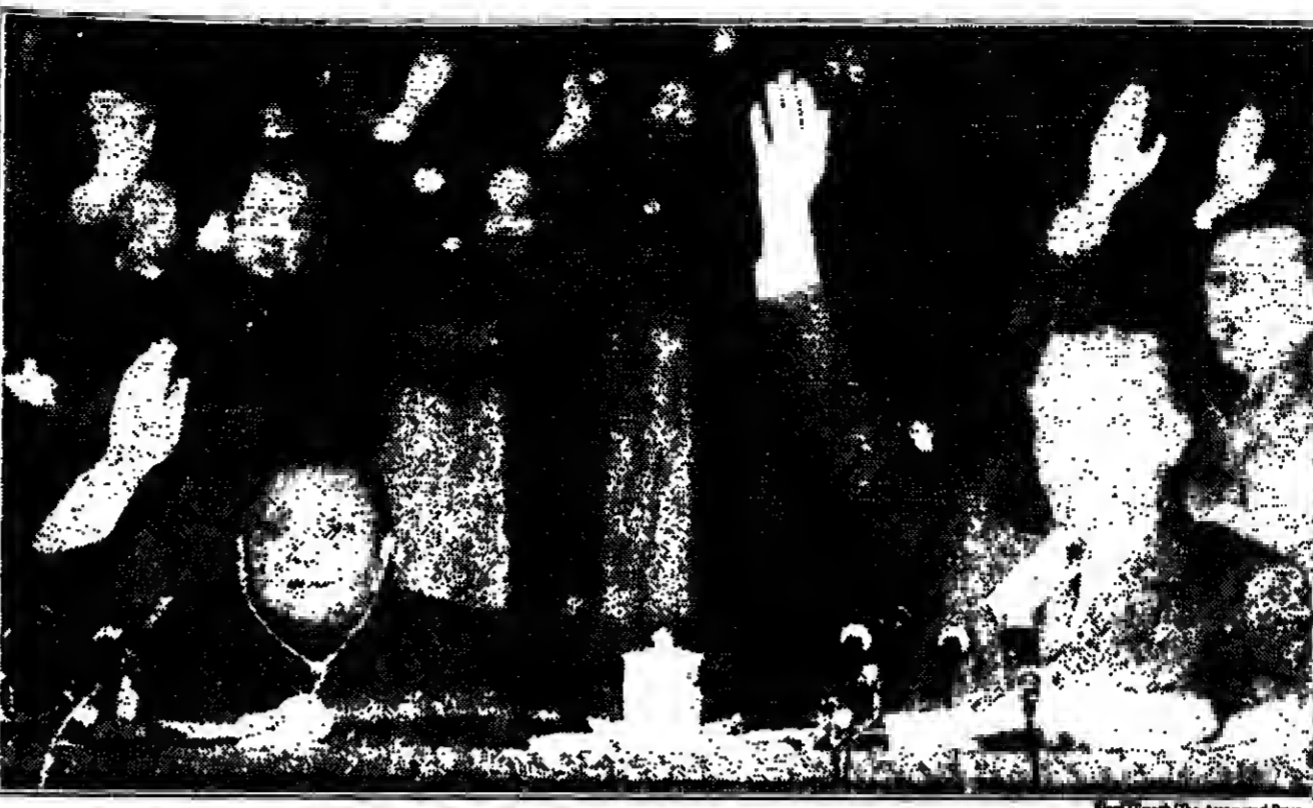
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PARIS, MONDAY, NOVEMBER 2, 1987

ESTABLISHED 1887

Reagan Aide Sees Senate Ratification of Arms Agreement

By Don Oberdorfer Washington Post Service WASHINGTON — President Ronald Reagan's national security adviser, Frank C. Carucci, predicted Sunday that the "90 percent" U.S.-Soviet treaty ban on medium- and shorter-range missiles would win Senate ratification...



Deng Xiaoping, left, and Zhao Ziyang voting at the close of the Chinese Communist Party congress in Beijing on Sunday.

Deng, Allies Oust Veterans From Party's Leadership

By Daniel Southard Washington Post Service BEIJING — Deng Xiaoping and his allies swept aging veterans off the Central Committee of the Chinese Communist Party and into retirement on Sunday, setting the stage for younger leaders to assume control of the country into the next century...

Budget Talks Turn to Cut In Benefits

By Tom Kenworthy Washington Post Service WASHINGTON — Congressional leaders and Reagan administration officials who are negotiating a budget compromise are discussing a proposal to limit cost-of-living increases on federal benefit programs...

Stock Fall Convinces U.S., Partners That Dollar Stability Was No Solution

By Peter Kilborn New York Times Service WASHINGTON — The United States and other leading nations have concluded that the importance they placed on keeping the dollar stable was excessive and probably a mistake...

Yeltsin Affair Proves Delicate for Gorbachev

By Philip Taubman New York Times Service MOSCOW — On Saturday evening, Soviet newspapers received a report from the news agency Tass that Boris N. Yeltsin, head of the new party organization and a voting member of the Politburo, had resigned...

MONDAY Q&A

Henry Kaufman, of the largest U.S. investment banking firm, sees the dollar stabilizing around 1.60 to 1.70 Deutsche marks. Page 15.

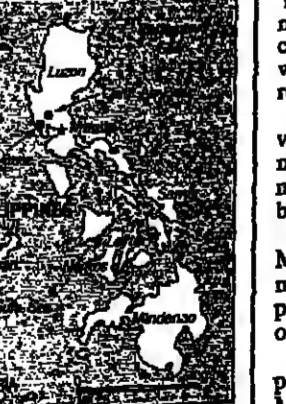
Rift on Growth Policy Grows in West Germany

By Ferdinand Protzman International Herald Tribune FRANKFURT — A split appears to have developed among West German economic officials on the need for a more expansive monetary policy to cope with disruption in financial markets...

Kiosk

Malaysia Holds 91 Dissidents

KUALA LUMPUR, Malaysia (UPI) — Three more persons were arrested Sunday as a threat to national security, bringing to 91 the total number of political and social dissidents apprehended in a government crackdown to ease racial tensions...



Movement of U.S. personnel at Clark Air Base will be restricted after murders of three Americans last week. Page 3.

GENERAL NEWS

In Colombia, uncontrolled violence is breeding a deep sense of helplessness. Page 5.

SPORTS

Eric Dickerson, the top NFL runner, made his debut as a tight end as Indianapolis defeated New York Jets. Page 19.

Special Today

The Dutch are grappling with stresses of a complex social fabric and strains of an economy struggling to regain its balance. Special report, pages 7-12.

Major Events For Markets Coming Up

By David A. Vise Washington Post Service WASHINGTON — For most of the world, the focus this week will be on the maneuvering between Congress and the White House over timing the U.S. budget deficit...

Pickens a Loser In Market Crash

WASHINGTON — T. Boone Pickens, a self-proclaimed "big winner" of the stock market crash, said Sunday that he was not a big winner after all. In an interview, he said he lost 25 percent of his net worth in the 308-point market collapse on Oct. 19, while Ivanhoe Partners, an investment group he heads, lost \$200 million...

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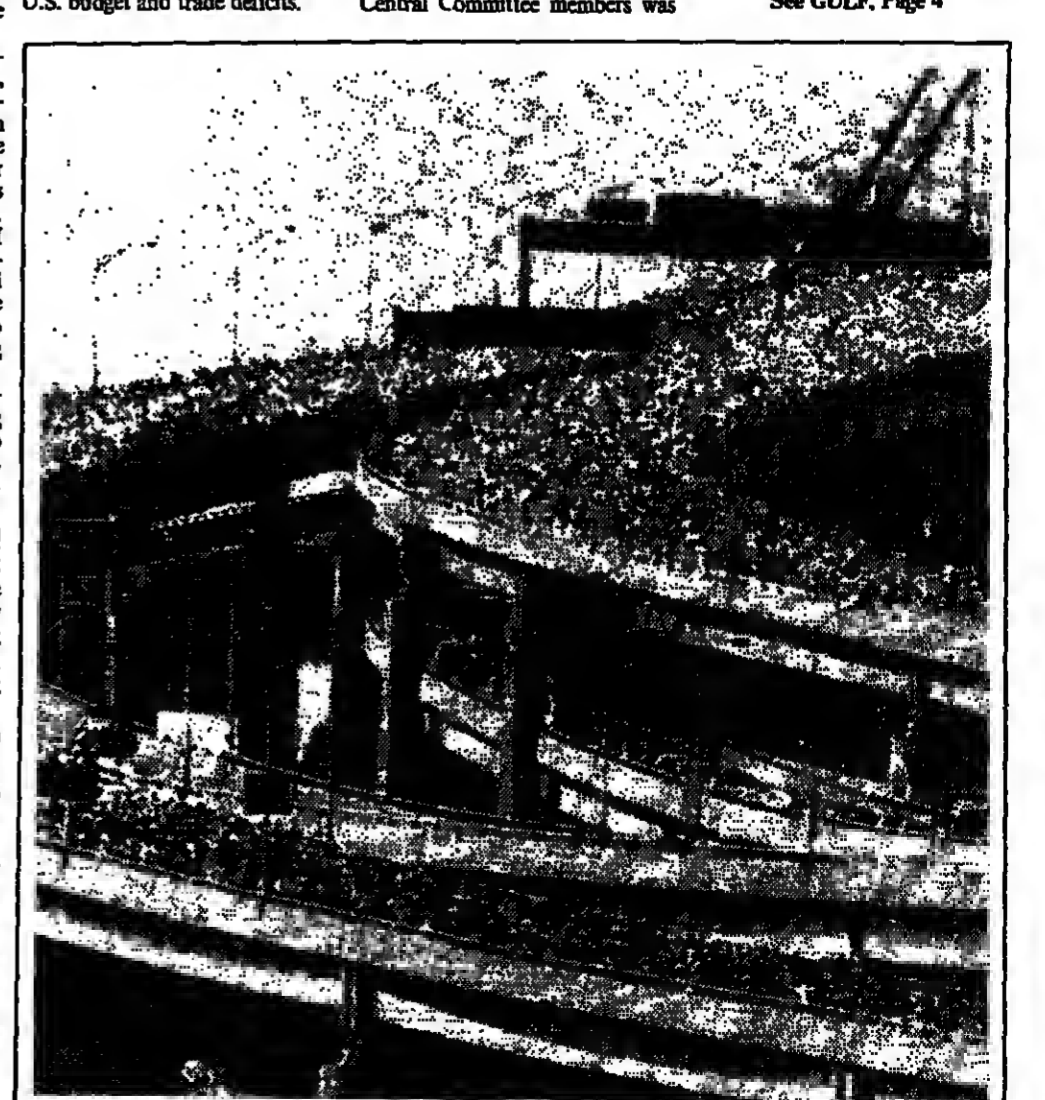
WASHINGTON — T. Boone Pickens, a self-proclaimed "big winner" of the stock market crash, said Sunday that he was not a big winner after all. In an interview, he said he lost 25 percent of his net worth in the 308-point market collapse on Oct. 19, while Ivanhoe Partners, an investment group he heads, lost \$200 million...

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New York Marathon Attracts a Record 22,000 Some of the record 22,000 runners in the 18th New York City Marathon on Sunday crossing the Verrazano-Narrows Bridge. Ibrahim Hussein, 29, of Kenya won in 2 hours, 11 minutes, 1 second. Priscilla Welch, 42, of Britain took the women's title in 2 hours, 30 minutes, 16 seconds. Page 19.



BRIEFS

Angladesh Protest... more than 150 people... as opposition forces...

on Irish-Run Ship... customs uncovered a... a ship crewed by five...

Game Is Drawn... closely contested seventh... the titleholder, Gami...

Table with columns: Black, White, Black, White, Black, White. Rows of numbers and names like Kasparov, Korpor, etc.

retained about 200 dissidents... for an open presidential election...

UPDATE

Dozens of Flights... were canceled Sunday at... staff, and further stoppages...

services will be closed or curtailed... in dependence this week because of...

experience... financing a large... trade finance - as...

commercial and invest... services - consider... ce of one of the...

inks... Deutsche Bank Group... ink

AMERICAN TOPICS

Buddhists to Serve As Military Chaplains

The U.S. Defense Department has decided to permit Buddhist chaplains to serve in the armed forces, the first such recognition for a religious group outside Christianity or Judaism.

The step is "a tremendous breakthrough," said Bishop Seiga H. Yamooka at the San Francisco headquarters of the predominantly Japanese-American Buddhist Churches of America.

The Pentagon says about 2,500 Buddhists of various sects and ethnic backgrounds are in military service.

One of the astronauts who died in the 1986 explosion of the space shuttle Challenger was Colonel Ellison S. Onizuka of the air force, a Buddhist.

Notes About People

The 200,000-member Navajo Nation has announced a joint venture with Oleg Cassini, the stage and dress designer, to build a luxury resort on the Navajo reservation...

U.S. Supreme Court justices work long hours, according to Justice Sandra Day O'Connor. She said in a University of Denver speech that she arrives at the court building at 7:30 A.M. and stays until 7:30 P.M.

Representative Morris K. Udall, Democrat of Arizona, in a forthcoming book, "No Fantasy to Be President," quotes several criticisms of Henry A. Kissinger, the former secretary of state.

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Judge Ginsburg, center, meeting with Senators Bob Dole, right, and Strom Thurmond.

Reagan Aides Split on Ginsburg

Meese Elated but Baker Frustrated Over Court Choice

By Steven V. Roberts

WASHINGTON — President Ronald Reagan's nomination of Judge Douglas H. Ginsburg for the Supreme Court has renewed tensions between White House factions and has frustrated Howard H. Baker Jr., the White House chief of staff, according to administration officials.

A Republican politician said that Mr. Baker and his staff were "really upset" by the choice of Judge Ginsburg, which Mr. Baker thought would run into considerable opposition, but that the chief of staff had accepted the president's decision and would work for the judge's confirmation.

Mr. Baker spent part of the day Friday introducing Judge Ginsburg to Senate leaders. But the show of unity came after a defeat the day before.

The showdown took place Thursday evening, when Mr. Baker, who leads a pragmatic faction and Attorney General Edwin Meese 3d, one of the most orthodox administration conservatives, met with the president to review the two finalists for the Supreme Court post: Judge Ginsburg and Anthony M. Kennedy, a federal appeals court judge in California.

Mr. Meese pushed heavily for Judge Ginsburg, a former Justice Department official, according to a White House official.

West Virginia, said Friday. "The Senate will not be stampeded."

Nonetheless, Mr. Reagan's criticism continued Saturday in his weekly radio address. He chastised the Senate for the "campaign of pressure politics we saw during the consideration of Judge Bork's nomination."

Abortion Issue Judge Ginsburg's wife performed abortions during her medical training at Beth Israel Hospital in Boston, a spokesman for the Justice Department said Saturday as reported by The Associated Press from Washington.

Haller Perkins Morgan, the judge's wife, performed abortions during her first year of residency in 1979-80 and agreed to assist with one difficult abortion in her next year of training, but she has performed none since then, said a Justice Department spokesman, Terry H. Eastland.

As a result, Mr. Eastland said, "she, like a number of doctors who have performed abortions, from her own experience, became persuaded that she did not want to do that anymore."

Chirac Begins Visit to Israel The Associated Press JERUSALEM — Prime Minister Jacques Chirac of France arrived Sunday in Israel for a three-day state visit. It is the first visit by a French prime minister to the Jewish state.

Aquino Attends Service for Slain GI As Restrictions on Americans Widen

By Seth Mydans

MANILA — President Corason Aquino flew to Clark Air Base on Saturday to demonstrate her concern over the killing of three Americans as Americans in the Philippines faced heightened security restrictions.

The commander at Clark, 50 miles (80 kilometers) north of Manila, told troops that they were in for "a long haul" with few restrictions on their movements.

The U.S. Embassy on Saturday warned U.S. citizens to avoid the Ermita night-life district in Manila because of fears of new attacks.

you that it may be a long haul," he said.

The concerns were a new experience for Americans here. Despite an 18-year Communist insurgency and a history of political turbulence, U.S. citizens have generally been welcome and secure.

The motives for the attacks and the source of the continued threat remained unclear. Various reports blamed either Communist rebels or right-wing groups intent on destabilizing the Aquino government and weakening U.S. support for it.

General Snyder said similar restrictions were in force at Subic Bay Naval Station and at smaller U.S. installations.

attended a memorial service for one of the two active-duty airmen killed outside its gates, Sergeant Randy Davis of Portland, Oregon.

A similar service was held Friday for Airman 1st Class Steven M. Faust of Pasadena, Texas.

The other victims were Herclano Mangante, a retired Air Force technical sergeant and a naturalized American citizen, and Joseph Porter, a Filipino businessman of American ancestry.

At the air base, Mrs. Aquino

U.S. Drops Asylum Proposal

Washington Post Service

WASHINGTON — The Justice Department has backed off an unpopular proposal to change the way refugees are granted political asylum, after scores of immigrant advocacy groups and lawyers claimed that the changes would deny due process to refugees, officials said.

Advertisement for Finlandia Vodka. Features a bottle of Finlandia Vodka and glasses. Text includes "FINLANDIA VODKA" and "TRADITIONAL SCANDINAVIAN VODKA DISTILLED SINCE 1888".

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WHAT IS LOTTO 6/49? Lotto 6/49 is the official Canadian version of Lotto—the world's most popular form of lottery. HOW CAN I PLAY? Complete the attached order form and send it to Canadian Overseas Marketing along with the necessary payment.

ORDER TODAY! Mark six numbers on each game board you wish to play. Includes a grid for marking numbers and a list of prizes for different numbers of games.

Advertisement for KLM airline. Features a large image of a KLM airplane in flight. Text includes "Where did you find time to buy all those presents?" and "The Reliable Airline KLM Royal Dutch Airlines".

Behind Gorbachev Vim, Substantive Vigor

By David K. Shipler
Washington Times Service
WASHINGTON — With last week's announcement that Mikhail S. Gorbachev will be coming to Washington Dec. 7 for a summit meeting with President Ronald Reagan...

Reagan refused to compromise on his space-based defense system. Another Soviet leader might have felt obliged to stick to that negative position, but not Mr. Gorbachev. He has disturbed and fascinated the West practically since the moment he took the reins of Soviet power in March 1985...

many are skeptical about his ability to make durable changes in the Soviet system. His recent vacillation on setting a summit date also earned him reproaches in the United States for seeming rash and mercurial, unwelcome characteristics in an adversary of his dimensions. But this American fixation on his style runs the risk of diverting attention from his substance...

justify his concessions, according to American analysts who have talked to members of the Communist Party's Central Committee. There is some grumbling about his giving more than he is getting, about his failing to produce tangible results. This surfaced last week in reports of criticism of Mr. Gorbachev's leadership during the Central Committee's plenum just before Mr. Shultz arrived in Moscow...



ROYAL COMPLIMENT — Prince Charles and Diana, Princess of Wales, arrived in Berlin on Sunday for a seven-day tour of West Germany amid British press speculation that their marriage is faltering. The prince called his wife "the most glamorous colonel in the British Army." She is the honorary colonel-in-chief of the Royal Hampshire.

Japan Balks At Sanctions Against Iran

By Clyde Haberman
New York Times Service

TOKYO — Japan has told the United States that it would not go along with American sanctions on trade with Iran, but suggested that it would at least try to hold imports of Iranian oil at present levels. The Reagan administration had urged allies to join its decision last week to impose a ban on all Iranian imports and to tighten restrictions on exports to Iran...

In this case, Japan feared the loss of a significant oil source, and also wanted to preserve its status as one of the few industrialized countries to maintain diplomatic relations with both Iran and Iraq. The rejection was relayed Saturday in a meeting here between Undersecretary of State Michael H. Armacost and a Japanese deputy foreign minister, Ryohki Murata...

Muscovites Test Glasnost In Poll on Political Issues

MOSCOW — Moscow residents rank Mikhail S. Gorbachev slightly ahead of Stalin in importance to their country. They approve of giving exit visas to citizens who want to emigrate, but they disapprove of releasing dissidents from prison or exile. Some say that Soviet troops should be withdrawn from Afghanistan. And they do not expect much from the coming summit meeting with President Ronald Reagan...

CHINA: Victory for Deng

(Continued from Page 1) The resolution of the Yeltsin case will show whether Mr. Gorbachev's view prevails or whether he is forced to accept the narrower boundaries implicit in Mr. Lukyanov's comments. The absence of any report about the case in the Soviet press, and the censoring of the Tsip report, suggests that the party leadership did not think the country ready for open coverage of internal disputes...

BUDGET: '2 Percent Solution'

(Continued from Page 1) "Wright and Byrd wouldn't have come over there if things were going well," an official said. One senior official who is pushing the "2 percent solution" said that for all its political drawbacks it has the advantage of treating equally both Social Security beneficiaries and retired government employees. In addition, the official said, it offers Democrats who are resistant to cutting those benefits additional tax revenues from the partial removal of indexing on individual incomes subject to taxation...

DOLLAR: Stability Not the Answer

(Continued from Page 1) under U.S. pressure. But an official of the Bundesbank explained, "These are very marginal changes and reversible at any time." As a result of the uncertainty over U.S. and West German policies, an American official said of a plan for a meeting: "It's not at all settled. There has to be real substance." A meeting that strikes the markets as inconsequential would only bring retribution from the markets, the West German official said. "Just a meeting to confirm that everybody loves one another could be a disaster," he said...

SOVIET: Problem for Gorbachev

(Continued from Page 1) out a more tolerant position about political debate. "Even the most extreme viewpoint contains something valuable and rational, since a person who defends it honestly shows concern for the common cause," he said. But he seemed to sense that this view could not yet be sustained in practice. "Today we are going through a school of democracy anew," he added. "We are learning. We still lack political culture, we lack the culture to conduct debate and respect the viewpoint even of a friend, a comrade. We are an emotional people. We will probably get over all this. We will mature..."

ARMY: Senate Battle Is Foreseen

(Continued from Page 1) sions that the long-standing dispute over arms in space could be resolved. This has been tied by Moscow to a strategic arms accord. The Soviet position on Mr. Reagan's Strategic Defense Initiative has been changing. Ms. Ridgway said, "In time we'll find the basis for going forward with the program and they'll admit it," she added. Mr. Carlucci also emphasized what he described as shifts in the Soviet posture toward SDI. The interesting thing about last Friday's talks with the Soviet foreign minister, Eduard A. Shevardnadze, said

GULF: French Scandal

(Continued from Page 1) it needed the sales to stay in business. Daniel Denyurin, president of Luchaire, said that the Defense Ministry had "covered" the sales. Little was heard about the affair until the two conservative news-magazines, L'Express and Le Point, ran their stories this week about a secret report by the French Army's comptroller-general, Jean-François Barba. An investigating magistrate, Michel Legrand, is expected to ask Defense Minister Andre Girard to declassify the report. The magistrate is not allowed access to confidential documents. According to Le Point, the report says that between three and five percent of the profits from the shipments went directly to the Socialist Party. It said that the alleged funding disbursements went through numerous intermediaries. The article also said that Admiral René Lacoste, former head of the French intelligence service, told President Mitterrand and Jean-François Dubois, a technical adviser to Mr. Herou, about the sales. Le Point also stated that Luchaire sold some explosives to Iran that were the same type used in bombings in Paris in 1985 and 1986. Some officials have tied those attacks to Iran's supporters. France severed diplomatic ties with Iran last July after an official in the Iranian Embassy refused to appear before a French judge to answer questions about the attacks.

Rally for Hamburg Squatters

HAMBURG — About 5,000 protesters threw stones at police, injuring an official, and broke windows during a demonstration in support of squatters Saturday, the police said. There were no arrests.

Yaqub Khan Resigns From Pakistan Cabinet

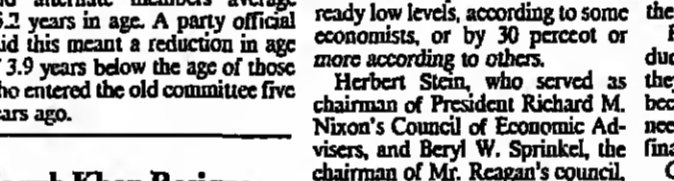
ISLAMABAD, Pakistan — Foreign Minister Sahabzada Yaqub Khan has resigned for personal reasons, the Associated Press of Pakistan agency reported Sunday. Mr. Yaqub Khan has held the post for five years. His resignation followed his withdrawal from the cabinet last month for the office of director-general of the United Nations Educational, Scientific and Cultural Organization.

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ITALIAN Body-Snatchers Demand \$7.5 Million

RAVENNA, Italy — The body of the founder of Italy's third largest business has been stolen from a cemetery by a group demanding 10 billion lire (\$7.5 million) from the wealthy Ferruzzi family, police sources said Sunday. The remains of Stefano Ferruzzi were reported missing from the family tomb in the northern city of Ravenna on Friday night after an anonymous telephone call to a newspaper.

DOONESBURY



THINGS ARE REACHING A BOIL IN THESE TIMES. THE EVENTS OF THE LAST FEW WEEKS HAVE REALLY TAKEN THEIR TOLL.

THIS CAN'T BE HAPPENING. SHOULD I BE THE FIRST TO CALL MURDERER EVER TO PRE-SIDE OVER A MINIMUM SECURITY PROTECTION RIT!!

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ESORTS & GUIDES

Table listing various travel services and guides under the heading 'ESORTS & GUIDES'. Includes services like International Escort, Zurich Susan, Geneva Escort, etc., with contact information for various cities.

INTERNATIONAL CLASSIFIED (Continued From Back Page) ESCORTS & GUIDES. Includes sections for Zurich Susan, Geneva Escort, Zurich \* CAROLINE, Caprice-NY, Madrid, and Kennington. Lists various services and contact details.

ESORTS & GUIDES. Continued list of travel services and guides from various locations including London, Paris, and Hamburg. Includes contact information for several agencies.

Various advertisements on the right margin, including 'In Colombia', 'Ortega Juggle', 'Madrid and Au...', and 'The International's new...'. Includes a large graphic of a person's face.

Japan Balks At Sanctions Against Iran

By Clyde Haberman
New York Times Service
TOKYO — Japan has told the United States that it would not go along with American sanctions on Iran...

In Colombia, Uncontrolled Violence Breeds a Sense of Chaos

By Alan Riding
New York Times Service
BOGOTÁ — Within the space of a few days this month, the leader of Colombia's main leftist party was assassinated, the country's best-known sculptor was kidnapped and several prominent writers and artists were forced into exile by death threats...

There is well-documented evidence of the participation of some army officers in rightist death squads. But despite chants at Mr. Pardo's funeral accusing the defense minister, General Rafael Samudio Molina, of responsibility for his death, there is no proof that the army as an institution has adopted "dirty war" tactics...

challenge the power of the drug barons who form the so-called Medellín Cartel. Since mid-1987, when terrorized judges and politicians finally abandoned efforts either to jail major traffickers or to extradite them to the United States, drug-related violence has sharply diminished...

Sole Party in Tanzania Keeps Nyerere at Helm

By Sheila Rule
New York Times Service
NAIROBI — Julius K. Nyerere, who ruled Tanzania for 24 years, has been overwhelmingly re-elected chairman of his country's sole political party...

Ortega Juggles Moscow Mission With Peace Plan

By Julia Preston
Washington Post Service
MANAGUA — President Daniel Ortega Saavedra has left for a five-day trip to Moscow at a time when Nicaragua faces mounting economic hardship and when the Soviet Union has begun to set limits on aid...

There is no doubt that the Soviet Union has to take care of its own needs, but we have to take care of our own needs. Mr. Ramirez said earlier this month. "We're not interested in producing any chill with the Soviets because we've had a very positive relation with them which we're not the least ashamed of and want to cultivate."

message in Nicaragua: there is a cap to its commitment," said an ambassador in Managua. He theorized that the Kremlin's new tack is part of a larger policy shift to improve relations with nationalist governments in Latin America rather than favoring radical revolutionary regimes and movements most antagonistic to the United States...

GULF: French Scandal

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Yugoslav Leader Visits Cuba

HAVANA — President Lazar Mojsov of Yugoslavia arrived in Cuba on Saturday on a three-day visit for talks on trade and international issues, Cuban officials said.

Madrid and Auckland



Madrid, Spain. City of sunshine, cool breezes and romance. Of flamenco dancers, singers and guitarists. Of matadors and picadors. And now Thai opens its doors to this picturesque city. Flights commence December 5 from Bangkok via Rome every Saturday and Monday. Returning to Bangkok via Rome every Sunday and Tuesday.



Auckland, New Zealand. The perfect starting-off point for a holiday to remember. Skiing, boating, fishing, touring in the land of the famous All Blacks Rugby team. New Zealand has it all. Now Thai touches down there December 6, direct from Bangkok (leaves Saturdays), returns every Sunday.

Rally for Hamburg Squatters

HAMBURG — About 500 protesters threw stones at police, injuring an official and he was wounded during a demonstration in support of squatters Saturday, the police said. There were no arrests.

- ESCORTS & GUIDES
MENON - SECRET ESCORT & GUIDE
AMSTERDAM - SANET ESCORT
FRANKFURT - MEMBER ONE
FRANKFURT - SANETA
MUNICH - REMEMBER ESCORT
NEW YORK - LADY CHESHAM
FRANKFURT - TOP TEN ESCORT
FRANKFURT - AREA
ALIAN NEW SAFARI
VIENNA - HARMONY ESCORT
AMSTERDAM - 1000 ESCORT
COPENHAGEN - STOCKHOLM
FRANKFURT - COMPANION
GENOVA - ROYAL ESCORT
GENOVA - DANY ESCORT SERVICE
LONDON - GEMMA ESCORT SERVICE
LONDON - HEAD-POW ESCORT
MILAN - 1000 ESCORT
NEW YORK - DEN ETHIOPIAN ESCORT
STOCKHOLM - ANN ESCORT
GENOVA ESCORT
BERLIN - MARY ESCORT





# The Dutch Dilemma

### Straits of Conscience

## On Permissiveness And Stormy Skies

By Peter Brusse

AMSTERDAM — A year ago, in a Paris hotel, I overheard a conversation of American lawyers who were attending an international conference. One of them said: "I love Europe. I go there as often as possible. France, Italy, Germany, but not Holland anymore. Amsterdam used to be great. It is finished. Rotten to the core. A shame. Don't go there."

I was shocked and offended. How different from the postcards I used to get from foreign friends telling me: "Apart from the dogs, Amsterdam is such a lovely little place."

In the last months, waves of bad news coverage have been hitting our dikes. "Time magazine asked in a cover story: 'Has permissiveness gone too far?'" The German weekly *Der Spiegel* followed suit, and the British magazine *The Economist* stated in a survey on Holland: "Europe's neatest and tidiest country is beginning to look a mess." And it was not just the dogs. Amsterdam, it was said, had its virtues of tolerance and pleasantness thrown away. It now was a violent city of heroin addicts, child pornography and canal muggings.

Reactions in the Dutch media were often fierce. A Dutch journalist who had worked on the *Time* article was accused of betraying his country. Editorials proved that we are more nationalistic than we dare to admit. They spoke in terms of the American slogan during the Vietnam War: "Like it or leave it."

The problem, of course, is that most of the articles in question were written by foreign visitors who had already left.

Some commentators reacted with an "I told you so." The *Foreign Office* gave instructions to the Dutch embassies on how to give a positive picture of the

Netherlands. Our exporters reassured the nation with: "Our trade is not threatened by the adverse publicity."

And, as so often in our history, the Dutch group together and pray: Oh Lord, let the storm die out.

We know that we are misunderstood. We are different but tend to forget that all countries proud of their identity are different and have different views.

We often give the wrong impression. I went to England as a correspondent during the *Swinging Sixties*. It was the era of the Beatles, Carnaby Street and Mary Quant. I experienced that time as a celebration of new freedom. Anything seemed possible. It was great fun. The Netherlands, too, went through a playful era. But seen from England, I was aware of a typically Dutch moralistic streak. Anarchistic youngsters (along with members of the Amsterdam City Council) disrupted military tattoos by emptying buckets full of colorful marbles in front of the soldiers. The soldiers lost their balance and behaved as if they were walking on ice. It was fun but serious as well. It was the expression of strong anti-military feeling.

And Holland being Holland, the anti-authoritarian, permissive movement was bound to reach the church, mainly the Catholic Church (a third of the population was registered as Roman Catholic). Dutch priests got worldwide attention either by marrying homosexual couples or by getting married themselves.

I remember going to a London dinner party, where I met a local parish priest. He accused his Dutch brethren of being heretics and talked of the Dutch church as a new Sodom and Gomorrah. I tried to explain that those married priests were far from sex-mad creatures but very sincere men. They were struggling for the truth in a permanent fight with their conscience. They were not lighthearted escapists; they were heavy-going moralists. I argued that he should not forget that the Dutch Catholic Church was, as

PETER BRUSSE is deputy editor-in-chief of the Dutch newspaper *Elsevier*.



We know we are misunderstood.

Dutch society itself, impregnated by Calvinistic puritanism. "If you want to understand our character, you have to look at the skies in the Dutch landscape. They are heavy and gray and always on the move," I said.

I wonder if the nice London priest is still around. If so, he should visit the beautiful exhibition of 17th-century Dutch landscapes in the Rijksmuseum in Amsterdam. In its catalogue, the art historian Josua Bruyn argues that those famous landscapes of Rembrandt, Ruisdael and Goyen, are not a glorious expression of a proud and new Dutch Republic. These "revolutionary, realistic" paint-

ings, Bruyn believes, are in fact morality tales. They are warnings against the sins and vanity of life on Earth. The dilapidated farmhouse shows the vice of idleness, the inn is the temptation which the pilgrim on his path to the eternal light should avoid. He should cross the bridge of Christ the Redeemer. The drinking parties in the brothers remind the fearful people of the dangers of pleasures of the flesh. They are "painted sermons" and should not be seen as the titillations of a 17th-century permissive society.

Of course, it would be silly to suggest

Continued on page 9

### IN THE NEWS

#### March 19: Port Union Suspends 9-Week Strike

The Dutch transport union suspends a nine-week strike at Rotterdam port while an Amsterdam court considers the union's complaint. About 4,500 workers in the general cargo sector went on strike to protest plans to lay off 350 workers.

#### Sept. 15: New Budget Eases Austerity

Providing respite from past austerity, the coalition government unveils its 1988 budget to parliament. Finance Minister H. Onno Ruding's budget calls for a trimming in personal income taxes for the first time in seven years. As a result of public spending cuts of 4 billion guilders, the central government's budget deficit is expected to shrink by 0.4 percentage points to 7.2 percent of national income in 1988.

#### Oct. 1: Dutch Sign 5-Nation Accord on Rhine

Although compensation is still being negotiated for damages caused by a chemical fire last November at a warehouse of the Swiss chemical company Sandoz, the Netherlands expressed satisfaction with a three-stage plan reached by environment ministers from the five states bordering on the Rhine to clean up the river by the year 2000.

#### Oct. 5: Villages Protest Refugee Settlement Plan

Several villages in the southeastern part of the Netherlands stage demonstrations against the government's effort to place newly arrived political refugees outside the traditional setting points of The Hague and Amsterdam.

#### Oct. 26: Government Takes A Stake in Fokker

The government announces that it would take a minority stake of up to 49 percent in the aircraft maker Fokker as part of a financial rescue package reached with the company's banks. Under the accord, the firm, NV Koninklijke Vliegtuigenfabriek Fokker, would receive 527 million guilders in new financing from banks and the government.

## Let's Have Volcker Out Front

By Anthony Lewis

LONDON — A financial world fearful of incompetence in the American government is looking desperately for reassuring symbols. People want a sign that Washington understands the seriousness of the economic threat. They want to see the willingness to put aside political axes in a search for common purpose.

The eagerness for restored leadership in U.S. leadership is tangible. What would be symbolically effective in the task of restoration?

"Bring Back Volcker." That was the heading on a letter published in *London* the other day. The same sentiment could no doubt be found in other international financial centers. Paul Volcker made his mistakes as chairman of the Federal Reserve Board, but there is immense international confidence in his outstanding financial judgment. To bring him back into the picture would be a potent symbol of reason and determination.

What might Mr. Volcker do? He could be brought in as secretary of the Treasury in a reshuffle of the Reagan cabinet, or White House staff. Or he could be a special ambassador to organize an urgent international meeting on the financial crisis.

Such a meeting would itself be an important symbol. We have learned in the last few weeks how technological change has created a single world financial market. Any shock in Tokyo or London or New York reverberates on the other markets at once. More than ever, the Western economies must hang together — or separately, as Ben Franklin said.

The purpose of a conference would be to demonstrate that the political leaders of Europe and Asia and America understand their countries' interdependence and are ready to put aside narrow self-interest and ideology in common goals. It could be an effective gesture in restoring confidence. But there is a catch: It has to work.

The gloomy precedent that warns of the risk of failure was the London Economic Conference of 1933. It was designed to take cooperative steps to relieve the world depression, but Franklin Roosevelt torpedoed it. National trade barriers grew worse. So did the economic decline.

A conference now would be worse than useless without undertaking from the major participants before it was held — earnestness of commitment to the common purpose of restoring confidence. It is not hard to see what some of them would have to be.

Reducing the U.S. budget deficit is the first requirement. Some economists warn that government spending cuts and tax increases are unwise in the economy faces possible recession. That is logical, but in this case the symbolic need is overwhelming. The world wants to see that Mr. Reagan is ready to put aside the ideological objections that have led to profligacy.

In return for evidencing fiscal restraint at last, the United States will want commitments from its key economic partners to more relaxed monetary policies. That is, West Germany and Japan will have to take the bit of some inflation and expand their economies if there is to be meaningful international cooperation.

The American symbols needed are not limited to steps by the executive branch. Something is required of Congress, too, and no one can be in any doubt what that is. It is to give up the effort to pass a protectionist trade bill.

Can anyone imagine a surer way to international financial ruin than the passage of Representative Richard Gephardt's trade bill? It would erase memories everywhere of the Smoot-Hawley Act, the tariff increase of 1930 that intensified the collapse.

But in the American system the main source of leadership has to be the White House. Only a president can rally the people in difficult times, reason with Congress, overcome differences with allies.

To say that is to recognize the essential difficulties of economic confidence-building today. Mr. Reagan cannot himself restore confidence in New York or London or Tokyo because everyone in the financial world knows that he does not understand the problem. Facing a profound threat to his country, he spends his time reading out preposterous diatribes about the Senate and the Supreme Court.

That is why Mr. Volcker's return would be more than a symbolic gesture. He would not come back to public office unless he could act effectively. If he came back under such terms, President Reagan would have to suspend his economic fantasies. He would have to follow Mr. Volcker's lead, and that would matter.

The New York Times

Why our country is a great many doors.



"God created the world, but the Dutch made Holland." That's how one observer tried to define the greatness of the Netherlands.

A fitting remark, in our opinion. Because it says worlds about the massive efforts the Dutch have made to turn their damp and marshy country into a prosperous nation.

The never-ending struggle against the sea has always played a major role. But equally important was the intensive world trade which allowed this insignificant 17th-century Holland to develop into an economic power of enormous significance.

The repercussions of those past efforts can still be felt today. It's no coincidence, for example, that the Netherlands is one of the world's most internationally oriented countries.

That it has such a highly developed infrastructure. A strong private sector and a stable currency. Not to mention its extensive financial and economic ex-

perience and know-how. All of which adds up to an extremely interesting picture, particularly for foreign investors.

The efficient domestic organization of the Netherlands is no coincidence either. After all, a small and densely populated country can only operate efficiently with the help of a finely tuned organization.

As soon as you decide to invest in the Netherlands, you'll become pleasantly acquainted with this high degree of organization. And you'll discover that, thanks in part to our country's compact size, we can open a great many doors for you. No matter which location you choose.

You'll always find government agencies and institutions relatively close to your base of operations. Which provides you with quick access to all the facilities you need.

So you can work efficiently. Save a lot of valuable time. And achieve high returns. In order to make

expert advice available to you from the very start, we've set up the Netherlands Foreign Investment Agency. An organization which is there to help you, with the sober realism you'd expect from the Dutch.

We also open doors for you. By advising you on the best possible site for your operations. By showing you a wide range of distribution and transport services. And by familiarising you with the world of subsidies. We'll also establish the necessary contacts. And provide you — upon request — with a careful cash-flow analysis.

In short, our agency will make every effort to ensure that your move to the Netherlands is a successful undertaking.

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Netherlands, write or call us. Or contact our consultant in your own country.

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### 40 YEARS AGO

From all quarters many doubtful elements are converging on Constantinople. Fierce Kurds roam about, conversing in angry whispers, as if they were inciting each other to acts of violence. Rumors are current that 15,000 Turkish soldiers who deserted after the disaster at Kirk Kilisse are approaching Constantinople, plundering the villages and farms as they pass. Steamboats are flooded with hungry refugees, who have been driven into the city panic-stricken by the advance of the Bulgarian armies.

### 1937: For the Fallen

PARIS — A gray sky and the slow, vibrant notes of the bugle encased the vibrant notes of the bugle encased the vibrant notes of the bugle encased the vibrant notes of the bugle encased the vibrant notes of the bugle.

To Cut Health Costs, Dutch Test Competition

By Ronald van de Krol

AMSTERDAM — Four Dutch hospitals are soon to find themselves pushed into competition with a commercial-

The experiment reflects a new sense of urgency about finding a solution.

Starting in January, the four hospitals in and around the city of Nijmegen will each be required to set up a diagnostic clinic to compete with a private clinic that will be run by Dr. I.B.J. Boerema, an urologist who hopes to create a chain of private health clinics in the country.

The experiment is designed to see which side — the traditional hospitals or the profit-minded private clinics — can carry out blood tests and other diagnostic examinations at the lowest price and with the highest degree of care.

The goal is also to see if this kind of set-up is even possible in Holland. So far, the present system makes no room for the profit motive, said a spokeswoman for the Ministry of Welfare, Health and Cultural Affairs.

Despite the novelty of the Nijmegen experiment, the Netherlands, with its long tradition of state-regulated public health care, is on the verge of privatizing health care.

But the fact that the experiment is taking place at all reflects the sense of urgency about deciding how to finance the extensive public health system in the years ahead.

The need to make decisions for the future is especially acute because of the "graying" of the population and the continued slump in revenue from the country's natural gas fields that have fueled and sustained its social welfare system since the late 1950s.

There have been any number of reports in

the past which show that if something isn't done, health care as we know it will simply become unaffordable, the ministry spokeswoman said.

For a country that prides itself on providing good, affordable health care for all, regardless of income or age, the difficulties ahead are obvious and worrying.

The Dutch population is aging rapidly and living longer than before. This, combined with medical advances in heart disease and cancer treatment, means that the cost of health care — already equivalent to one-tenth of gross national product (GNP) — is bound to rise.

The problem is compounded by the fact that the working population, which largely funds the health and social security systems, is expected to shrink in the next century compared with the size of the elderly population.

The most difficult time for the health and social security systems will be the years 2010-2030, when the baby boom generation of the post-World War II era begins to reach retire-

ment age. In 2010, for example, about 3.56 million Dutch people will be over retirement age, twice as many as in 1987, but the overall population is not expected to be significantly higher than today's 14.57 million.

With this in mind, the government appointed a panel headed by Wisse Dekker, former president of the Philips electronics group, to draw up recommendations for the future structure and financing of the health system.

The so-called Dekker Commission recommended earlier this year a radical restructuring of the health insurance system.

Its overall recommendations are complex, but they boil down to this: the national health insurance scheme should be transformed into a compulsory, basic package covering 85 percent of possible health risks and costs, such as visits to the doctor, hospitalization and surgery. People would then have the option of taking out private health insurance to protect themselves against the remaining 15 percent of potential health problems and costs, such as dentistry, physical therapy and medicines.

The commission argues that health care costs can be kept down by injecting into the system more competition among health insurers and by making patients more aware of the true costs of care by, for example, giving them the choice of whether or not to take out supplementary private coverage. But it also rejects the idea of giving market forces free rein.

"The proposed strengthening of the market orientation of the system is meant only to create greater flexibility. . . . The quality of and access to care must be safeguarded under all conditions," it said.

Under the current system, about 70 percent of the population falls under a compulsory state insurance scheme that provides most services free of charge, such as treatment by

doctors and specialists, stays in general and psychiatric hospitals, medicines, and some dental work.

To qualify, people must earn less than 49,150 guilders (\$24,575) per year. The insurance premiums are roughly equivalent to 10 percent of wages, with both employers and employees contributing to the costs. People who earn more than 49,150 guilders are free to take out policies from private insurance companies.

If the Dekker Commission report is implemented, the division of employees into compulsory and privately insured groups would end, but people who once enjoyed full coverage under the old scheme would now be covered for only 85 percent of risks if they do not take out additional private insurance.

The government has yet to take a firm stand on the commission's findings, but it is not expected to endorse them in their entirety. Parliament is to debate the report this fall.

Lower income groups would see the quality of their health care decline if they could not afford the extra private insurance. People with higher earnings, by contrast, would have little difficulty in taking out additional insurance.

"People living on state benefits will hardly be prepared to insure themselves against the 15 percent portion that is not included in the basic health package," the head of Utrecht's health service wrote in a recent newspaper article. "If they can't pay, the social welfare office will have to foot the bill provided, that is, it is able to do so. If it can't, then we'll have the same state of affairs as in the U.S., where large groups of people have no access to certain types of care."

RON VAN DE KROL, a journalist based in Amsterdam, helped coordinate this report.



Check or checkmate: Living longer means higher health costs.

John Cooper-Hall/Holland

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Economic Front: Austere Years Bring Some Signs of Relief

Continued from page 7

government's economic management is also moderately upbeat. Economic analysts at the Paris-based Organization for Economic Cooperation and Development (OECD) believe that the past five years have seen some significant accomplishments.

"In many respects," said the OECD's experts recently, "the new strategy adopted by the authorities in 1982 has had a considerable measure of success: Growth of output, investment and employment have all increased, the jobless rate has declined, the central government deficit has been substantially cut back and the inflation rate is one of the lowest in the OECD area. Furthermore, with domestic demand beginning to take over from exports, growth in 1986 was more soundly based."

"However," the OECD's analy-

sis added, "these favorable developments cannot mask the large imbalances that remain. At about 13 percent of the labor force in 1986, the unemployment rate is still one of the highest in Europe. The central government deficit is in excess of 6 percent of national income, resulting in an increase in public debt which has now reached a level equivalent to 70 percent of GNP."

Mr. Ruding's reading of the economic situation has nevertheless been upbeat enough to permit him to relax some of the stringency that has been such a hallmark of the Lubbers government since 1982. In mid-September, at the *Prinsjesdag* ceremonies in The Hague that mark the opening of the parliamentary year, Mr. Ruding unveiled a 1988 budget that was mild by the standards of previous years and had as its centerpiece 1.35 billion guilders (\$670 million) in tax relief.

For the first time in seven years, the personal income tax rate in the Netherlands is to be reduced.

Mr. Ruding has argued consistently that any leeway in the government's finances should be used to trim back the huge budget deficit, but political imperatives and the urging of his cabinet colleagues clearly won the day. The result of the tax cuts is that household disposable incomes in the Netherlands are due to rise appreciably next year — by an average 452 guilders per taxpayer — at the same time companies' labor costs will be reduced.

The new budget is, however, hardly a giveaway package. The spending cuts that have sliced deep into the country's public sector and its sprawling government departments are to continue next year. Civil servants' salaries are to be reduced, the payment of certain investment subsidies is being temporarily frozen, welfare benefits

are to be shrunk and the budgets of government departments also are to be cut.

In all, the government spending cuts next year will total 7 billion guilders, so once extra expenditures for 1988 are taken into account, the net saving works out at some 4 billion guilders. That will reduce the central government budget deficit by 0.4 percent so that it will stand at 7.2 percent of the national income (the Netherlands' version of GDP, which allows for depreciation).

In short, Mr. Ruding's decision to relax economic austerity means that the government will marginally overshoot its own target of reducing its 1988 budget deficit to 7 percent of national income. Total spending will be 168 billion guilders and revenues will be 144.4 billion guilders, and the public sector borrowing requirement, at 0.4 percent, will be slightly higher than this year's 0.3 percent.

The government's medium-term strategy, encompassing the budgets between 1987-1990, has four basic targets: to further reduce the budget deficit to 5 percent of national income; to avoid increases in income tax and social insurance contributions; to further cut the number of unemployed from 700,000 today to 500,000 by 1990, and to stabilize both the cost of social benefits and the incomes that can be derived from them.

Yet the outlook for the Netherlands' extremely vulnerable export-minded open economy is not too rosy. Although the Lubbers government has performed creditably in such areas as job creation, where it has made some encouraging inroads into the 1985 unemployment total of 840,000 people, and in the stimulation of a more dynamic climate of enterprise, the forecasters paint a somber picture.

The OECD's forecast points to slower output growth and weaker export performance, with a consequent deterioration of the balance between revenue and public spending. The Central Plan Bureau, a semi-independent agency, sees the Dutch economy expressed as GDP dropping by a half a point to 1 percent next year, which would push it substantially down against the expected European Community average of 2 percent.

Growth has understandably been the chief victim of the Ruding austerity drive. Since 1982, it has averaged only 1.9 percent a year, against an EC average of 2.2 percent, and now even official government forecasts see still greater stagnation during 1988. For Mr. Ruding, the reform and streamlining of the economy represents a long uphill road.

GIJLES MERRITT is a journalist based in Brussels.



A case for stepping on it.

Engineers in the automobile industry are developing sensational ideas for replacing mechanical constructions with modern electronics. But some ideas are too advanced for practical application. For example the petrol cable.

The idea is to install a tiny transmitter under the accelerator, which would send impulses to a precision receiver near the carburettor or the fuel injector. This receiver would control the fuel flow which the driver regulates via the accelerator pedal. But fine electronic components like these are extremely vulnerable.

A case was needed to protect the components from salt, moisture, oil and chemicals. One strong enough to hold up under extreme conditions, including fluctuations from the lowest to the highest temperatures. And the impact of severe shocks.

The solution was found in the laboratories of DSM, one of Europe's leading chemical concerns. That's where some 1500 research employees daily develop new synthetics that keep the automobile industry moving.



If we don't have a solution, we find one.

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Labor Market Worries

Stubborn Jobless Rate Defies Easy Cure

By George Gudauskas

THE HAGUE — The taxi driver, casing his cab away from the curb, said he was unsure whether he could get through because a labor strike had disrupted morning traffic.

Some civil servants were angry, he said, because the government had dismissed high-level workers a small number but had offered nothing to those below.

"When you have that, you have trouble," he remarked.

Strikes, once almost unheard of, are a new thing in the Netherlands, where the government has adopted an austerity program to fight a budget deficit and shrinking revenues.

Persistently high unemployment is the main labor worry, with as much as 15 percent of the work force, or 681,400 people, idle, most for long periods of time.

A rapid inflow of young people and women, often seeking part-time work, is occurring at the same time as older workers are leaving the labor force more rapidly, through retirement plans and phase-out programs.

Job needs and wants are often difficult to match in certain markets, the report said, increasing unemployment.

The study also said that a "large and growing share" of the unemployed are poorly educated, lack appropriate skills and come from declining industries or from construction.

Many are staying jobless longer. Most worked previously in low-paying jobs and, if they find work, are likely to be paid low wages.

"In contrast," the report said, "increases in employment are concentrated in higher skill jobs, a trend likely to continue."

Jean-Claude Paye, secretary-general of the OECD, recently told the European Parliament:

"We are living in a time of far-reaching change, the crux of which is probably to be found at the intersection of three areas: international trade, scientific and technical progress and changes in human society.

"If our countries find it so difficult to find effective lasting and socially acceptable solutions to the unemployment problem, which is undoubtedly the most dangerous threat, it is largely because we do not fully understand these changes."

Reducing unemployment is a high priority for the government, although critics claim that it is second to eliminating the budget deficit. They also say that job creation is falling to meet demand.

In his budget message to parliament in September, Finance Minister H. Onno Ruding predicted increased employment next year.

Mr. Ruding said that 25,000 more people would be put to work, boosting the number hired in recent years to 385,000, an average annual increase of 1.5 percent, against a 0.5 percent average in the European Community.

"Nonetheless, the level of registered unemployment in the Netherlands remains high, owing to the sharp increase in the number of people joining the labor market, compared with other countries," he said.

He urged wage restraint and further cuts in public spending as part of an economic growth plan that is designed to help increase jobs and trim the deficit to 7.2 percent of national income.

He said the government had set aside extra money to improve employment in 1988 to bring the total to more than 1 billion guilders (\$500 million).

The aim is to reduce unemployment to under 500,000 by 1990, a goal some feel is unattainable because of declining economic activity.

As an OECD report released in August said: "Further progress in reducing the large budget deficit and bringing unemployment down to more acceptable levels may prove more difficult than envisaged by the authorities in the 1987-1990 budgetary program."

Asked if the goal could be met, Frans H.A.M. Kruse, director-general for employment in the Ministry of Social Affairs and Employment said, "I don't think so."

He said that more people can be trained for jobs but that he didn't think labor opportunities would grow enough to compete with the growth of demand.

"That's our main problem," he added. "As a result, Mr. Kruse said, the government is directing its main efforts at 'training' or 'recycling' employment."

"We accept the effects of substitution in the market. We give one a chance at the cost of another one. That's our main policy at the moment," he said.

He also questioned whether the Netherlands, with a population of 14.6 million, will ever need a labor force of five million again.

And he disagreed with the government's "free market" priorities. He argued that public works projects, while not effective economically, are socially acceptable and could help erase a problem with high social consequences.

"I think there are more opportunities toward full employment by investing in the national market, especially public activities," he said.

Mr. Kruse predicted that, if the administration of Prime Minister Rud

Lubbers doesn't succeed in his goal of reducing unemployment to under 500,000 in the next two years, his policies will change.

In an analysis of economic trends, officials of the U.S. Embassy said in June that the Dutch government's employment programs have not succeeded in significantly creating new jobs.

"Indeed, the government's key youth employment scheme depends on finding municipal jobs at a time when austerity is reducing civil service ranks," the analysis said.

"It appears that slower growth may cut the rise in employment this year in half," it said. "If so, the labor market would barely be able to absorb new entrants and unemployment could grow next year as economic expansion slows still further."

CRITICS of Dutch policies argue that high marginal tax rates, a minimum wage that is almost double that of the United States, and a liberal income-support system create disincentives.

In its study, the OECD said a decline in the minimum wage might encourage demand for labor, since many of the unskilled jobless likely to be hired would be given jobs at a wage near the minimum rate.

However, the report questioned what the response might be to a reduced minimum "in the face of a generous income-support system," one of the most elaborate in Europe. The study said further reducing joblessness might require more changes in the system than now envisioned.

"But this obviously depends on national preferences and the value attached to noneconomic criteria, such as maintaining social cohesion and equity," the study said.

C.J.A. van Lede, president of VNO, the largest business and industry group, said his members realize that "in no way can you have flourishing business in the long run if you will continue to be faced with unemployment of that magnitude."

"Socially, it's unacceptable," he said, but noting "It's very tough, very, very tough to not only find the measures, but to get agreement on the basic legislation that has to be made in order to get these people to work."

"You can train them," he said, "but you have to have jobs at the same time."

His organization's lobbying effort is geared to reducing the minimum wage, long a sacred cow in the country, to help diminish unemployment.

Another issue is the reduction of the work week, from the current 38 hours to 32 by 1990. The large unions favor this move, but employers claim it would be too costly if wages are not reduced as well. The government has officially supported a shorter week.

Mr. Van Lede said the federation believes "that the real issue in this country is redistribution of work, which does not equal shortening of the work week."

Part-time labor has been the most effective way of doing this, he said. Mr. Van Lede termed labor's shorter-week goal "totally unrealistic," and said it was not supported by rank-and-file union members.

"You can say it was the resistance of the employers, fair enough. I'm happy to hear that, on the one hand," he said. "On the other hand, if they really wanted that more than pay, or income, whatever, they would have pushed it through."

Henk Leemreize, economic adviser

Coming to Terms With the Tough Jobs Issues



Photograph by John Cooper-Hassall

Social Costs

"Half of our labor reserves consists of persons who are unemployed for more than one year, and about 30 percent has been unemployed for more than two years. You see an enormous labor reserve that cannot be brought into the labor market again. I think that's our main problem, and it's of course a social problem... and it has high risks..."

Frans H.A.M. Kruse, government official

Flexibility

"We are of course against forms of flexibility which in practice mean that some workers have all the rights of the world and some workers have no rights at all. At this moment there is a hardcore of workers who have all kinds of protection, and there is a fringe of second-hand and third-hand workers who have no protection at all... and that is a very wrong development."

Henk Leemreize, union adviser

Retraining

"We are converting, very successfully, unemployed university graduates into employed people. We convert 300 or 400 per year. It's damn successful... But, in terms of quantities, I mean a couple of hundred converted university graduates into employable positions is not solving the unemployment problem of the country."

C.J.A. van Lede, industry spokesman

In the 900,000 member trade union federation, FNV, said, "It's still a big issue, but the employers are not really willing to negotiate further reduction in the work week," claiming it would be too costly and too complex.

For public sector workers, who have had repeated wage freezes, the issue is

Unionized civil servants are "furious" over the recent plan to grant a small increase to high-level workers and none in their underlings, Mr. Leemreize said. More strikes are possi-

ble among his 250,000 organized workers, who want across-the-board pay increases.

GEORGE GUDAUSKAS is a freelance journalist based in Paris.

Reading the Dutch Character in Stormy Skies

Continued from page 7

that the girls in the windows of the Amsterdam red light district (with its canals and 17th-century houses) are the modern warnings against sex, drugs and AIDS. (The annual nightly procession of pious Catholics, the Silent Walk, leads straight through this beautifully dirty district.)

But having said this, I still cannot escape from the thought that in a moralistic sense, the Dutch want to show that they accept the reality of life. They have nothing to hide. They are tolerant and responsible.

A Belgian poet told me once: "You Dutch are supposed to be a tolerant nation. I had my doubts. But it is true. You have kept that long tradition of tolerance. But before being tolerated,

one has to go through a harsh intolerant phase." He said that when he came to the Netherlands, he always felt he was cross-examined on moral issues like euthanasia, incest, cruise missiles, treatment of drug addicts, etc. The questions had to be answered properly. Only then were he and his opinions respected. The poet thought that this aggressive and rather offensive behavior was due to the ridiculously high density of the population. It was impossible to ignore each other. Social control was strict. Like a big family in an overcrowded house, the Dutch knew that the only way to survive was in love and let live.

In many aspects, the Netherlands is an overorganized country. Even to ride a horse, one needs a license, issued after a severe examination. But in this coun-

try of laws and rules, children are amazingly free and undisciplined. Already in the last century, foreigners complained about the Dutch vandals. Friendly Amsterdam has always been anti-authoritarian and somewhat anarchistic. Adults never lose their childhood tricks.

After 20 years abroad, it was, on my becoming difficult to appreciate the reality of the unruliness of Amsterdam, where even in decent circles stealing a bike is not always considered a crime anymore. I was asked to concentrate on the real issues, the crimes that make Amsterdam really unsafe. The crime rate is lower than in most other capital cities. It is discussed in the media with an astonishing openness and frankness, not so much in terms of law and order but as a moral problem. In central Am-

sterdam, the rich and the poor, junkies and the yuppies, the squatters and the burghers live next to each other. One often gets the impression that the dangerous and violent addict should be seen as the prodigal son.

The Dutch have come to see that their humanitarian approach in solving the drug problem and fighting crime may have been too idealistic. The times have changed. Even Dutch people have protested against the opening of centers for Tamil refugees near small villages. The villagers accepted their normal duty to accept a few dozen refugees but they could not cope with hundreds of Asians the government had intended to send to a nearby empty monastery. Not all is lost.

Ten years ago, the Netherlands loved

in see itself as the Conscience of the West. The Dutch were the darlings of the Third World. They favored an oil boycott against South Africa (an idea initiated not by socialists but by members of the ruling Christian Party), and two years ago even the prime minister had soul-searching doubts about the cruise missiles.

The Netherlands is toying the line again. It is a painful process. We are living in boring times, the editor of the largest quality newspaper remarked, as if our country has fallen back to dull mediocrity where excellence and creativity are suspicious.

The negative press reviews make us fear that we have no more to offer than windmills, clogs and tulips from Amsterdam. We will prove them wrong.

He takes his time reading NRC Handelsblad



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es in the automobile is developing sensorial replacing mechanical con with modern electronics. Ideas are too advanced application. For example able. is to install a tiny transer the acceleration which impulses to a precision ear the carburetor in the ar. This receiver would fuel flow which the driver in the accelerator pedal. But one-components like these rely vulnerable. It was needed to protect the ts from salt, moisture and . One strong impulse to hold extreme conditions is coming ns from the crown to the temperatures, and the impact shocks. solution was found in the es of DSM, one of Europe's chemical companies. That me DSM research companies help new stretches of what we call mobile industries involving. DSM It have a solution, we find it

Two-Market Approach to Trading

Amsterdam Confronts London With Technology and Tradition

By Ronald van de Krol

AMSTERDAM — By this time next year, the Amsterdam Stock Exchange will have reorganized and redesigned its trading floor in accommodate the arrival of video screens and other computer equipment that is intended to keep Amsterdam in step with the technological revolution on world financial markets.

well short of allowing market participants in trade directly through the exchange's own computer hardware and software; the trading floor will continue to exist, at least for the time being. This two-pronged approach — introducing far-reaching automation while retaining the bourse floor — sums up Amsterdam's response to the challenges of Big Bang and the threat that trading in Dutch shares and bonds will gradually seep even further to the London market.

trading in guilders paper here rather than in London. The first phase of the multiyear project will concentrate on the automation of routing orders and trading information, to be followed later by clearing and settling systems and price information. The total cost of the stock exchange's transformation is estimated at up to 30 million guilders (about \$15 million).

officially take place outside the regular market but are seen as a way of persuading institutional investors to continue to do business in Amsterdam. To addition, the Amsterdam financial community successfully persuaded the Dutch Finance Ministry to cap the 0.12 percent stamp tax on Dutch share and bond transactions at 1,200 guilders, effectively abolishing the tax on deals worth more than one million guilders and thereby stimulating block trading.

provide a sufficient guide to the market climate. "I believe that seeing each other on the bourse floor, feeling the atmosphere and the levels of activity and inactivity there, and observing your competitors, your colleagues and the jobbers all contribute in your knowledge of the market," he said. Mr. Vroegop said this was illustrated by the chaotic conditions in London in early August, when base rates rose unexpectedly and the stock market dropped sharply. Many dealers simply abandoned their screens and stopped trading because they no longer had any sense of the market, he said. In Amsterdam, by contrast, face-to-face trading on the bourse floor provides a form of "social control" that ensures that market participants will continue to trade.



Traders on the floor of the Amsterdam Stock Exchange.

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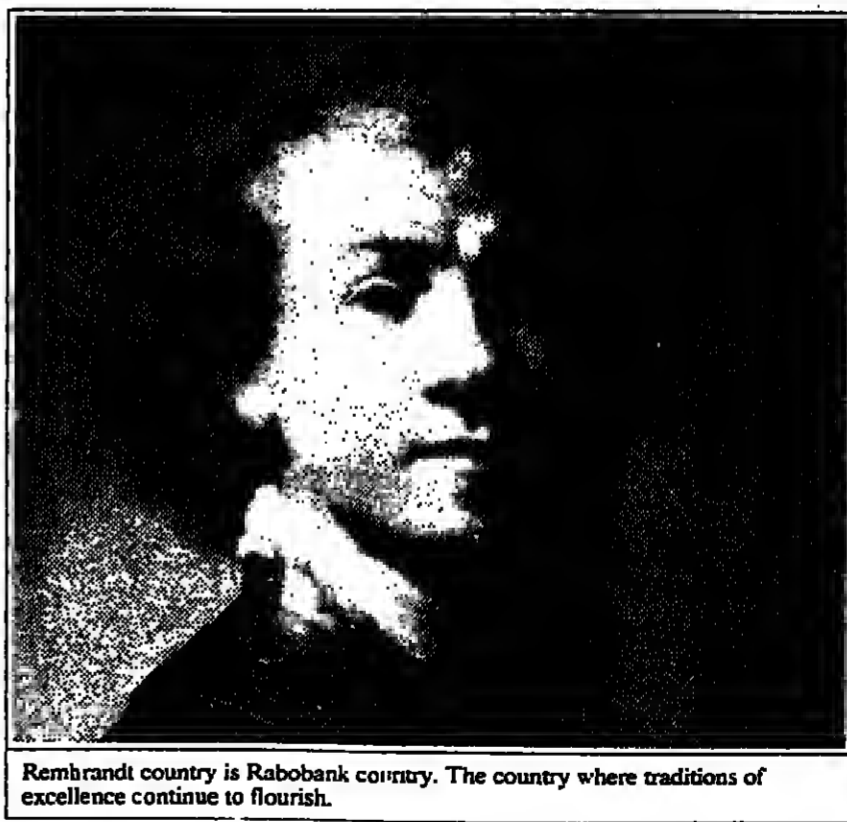
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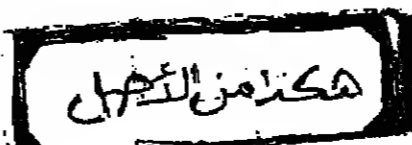


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Vertical advertisements on the right edge of the page, including 'As Gas Slu', 'Investment', and 'VAN M'.

That Sinking Feeling ■ New Money for Growth

# As Gas Slumps, So Goes Land

By George Gudanskas

**T**HE HAGUE — With the fall in gas revenues in the Netherlands comes another sinking feeling for the Dutch — the land over the huge gas field in Groningen is subsiding.

Like a large balloon losing its air, the gas field in the northeastern part of the country, which has given up half of its known reserves since its discovery in 1959, is losing pressure, ever so slowly, so that over the next half century the earth above it will droop slightly.

The phenomenon, called subsidence, poses a costly problem of adjustments in this low-lying country.

"Our problem is that we're a very flat country and a low country, so that what's happening is we expect a disturbance in the water household [table] on the top. So then you have to adjust things," said Chris Staudt, director of the Netherlands Geological Survey.

For instance, in the port town of Delfzijl, with its modern yacht harbor and windmill in the village center, expensive engineering projects will have to be undertaken to cause "lifting" as the land subsides and water levels rise.

Hundreds of bridges and canals that crisscross an estimated 500 square kilometers (342 square miles) area will have to be altered as the Earth turns into a broad soup bowl whose center is expected to dip from 50 to 75 centimeters (20 to 30 inches).

A 650 million guilder (\$325 million) fund has been set up to cover the costs of these projects, officials said, and a commission has been established to examine claims and to study ways to prevent damage.

The authorities say that the population is not expected to be endangered because the change in the landscape will be so gradual it will go almost unnoticed.

"This is perhaps, in terms of public opinion,

quite a concern," said Jean Gerin, managing director of Petroland, one of the many companies in the Netherlands searching for and exploiting gas and oil reserves.

"But, in reality," he said, "I can tell you definitely, scientifically as well as technically, this is not a big problem."

Pipes buried in the ground will not suddenly surface like bones in a forgotten cemetery. Nor will vehicles vanish into the ground with a whoosh. And no houses will crack and crumble, the experts say, although there are those who argue to the contrary.

"It's very slow, it's very gradual, and it's a flat movement," said Frank Durt, spokesman for the Netherlands Oil movement, the joint Shell-Exxon venture operating the field, which is the largest in the Netherlands. Unlike a cave-in, he said, "it's a total movement in the Earth's layers so the whole area sinks."

"There are, of course, people who think otherwise, people who always disagree," said Wiel G.J. Huijnen, a government energy specialist. He and others suggested that those disagreeing might be trying to take advantage of money made available to cover damage caused by subsidence.

The changes will be far less dramatic than those that began two years ago in the Ekofisk field in the North Sea off Norway, government officials said. There, huge oil and gas rigs and their crews were endangered when the seabed suddenly began sinking by meters, instead of centimeters, causing great concern and costly countermeasures.

"We have to be very, very careful," Mr. Huijnen said, "that it is not compared to what happened in Norway. It's completely different. It just cannot be compared."

The main difference is that Groningen gas, thousands of meters deep, is contained in sandstone that is capped by a thick layer of rock salt. Ekofisk's field was covered by soft chalk,

according to Mr. Staudt, the geological survey director.

"We are lucky it's sandstone, so that the total compression of the sandstone in itself will only be very small," he said, adding that the salt layer also absorbs small movements in the gas field.

"But, of course, there will be some subsidence," he added. "It's a consequence of taking something out."

If the Groningen phenomenon is left unattended, however, a shallow lake 40 kilometers wide will form where the subsidence centers, as rain water collects and ground water levels rise to the Earth's surface.

Significant amounts of new pumping will be needed, authorities said, to handle the water problems in this sparsely populated province of farms and villages already at or below sea level.

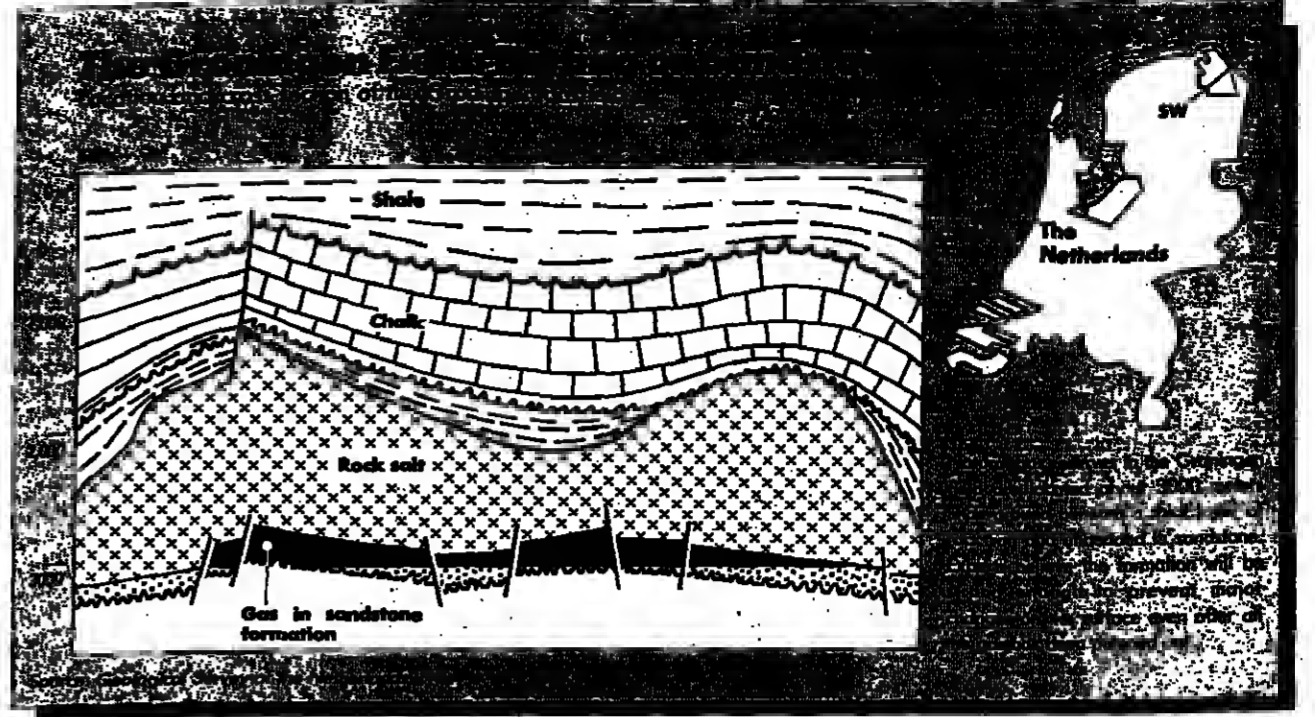
In addition, new canals will have to be dug and more sluices, flood gates and dams constructed, they said.

Mr. Durt, the spokesman for the Nederlandse Aardolie Maatschappij (NAM), the Shell-Exxon operation, explained: "Yes, if nothing were done you would completely destroy the water household [table], lakes and canals and so on. And the protection along the coastline wouldn't be on the right level anymore. So when we do have this big wave every hundred years, then the northern part of the country could be flooded — the harbor area, not the dikes."

The task ahead is "to see and prevent that," he said. "And that's no problem. The money is there, the knowledge is there, and the works will be carried out in the next 10 years."

A fund totaling 650 million guilders has been created to cover the costs, such as studies and work projects that will have to be undertaken. Officials said that the fund was calculated according to possible needs and is open-ended.

"More important is that there is an agree-



Richard Yeard/IFT

ment between the NAM and local authorities — with the province of Groningen — when measures must be taken, NAM will pay for them," said Peter A. Scholten, director for general economic policy and mines in the Ministry of Economic Affairs.

In addition to the fund, a six-member independent commission was established in 1984 to work with Shell-Exxon and Groningen officials to review claims for damage and to recommend measures to prevent future damage.

In its report for 1986, the commission — three of whose members are nominated by NAM and three by the province — said that so far it has paid out more than 9.5 million

guilders in claims, plus 11.6 million guilders for studies and the like.

The largest payment last year, 3 million guilders, was to deepen sluices in the village of Gaarkeuken in anticipation of setting terrain there.

He dismissed reports by some people who said that cracks in their homes were due to the sinking caused by the withdrawal of gas in the province.

Jan Abrahamse, chief editor of a 35,000 circulation magazine, Wabbenbulletin, an environmental and geographical publication distributed in the Netherlands, West Germany and Denmark, agreed that some of these reports were baseless.

The Groningen-based editor said that he had personally examined certain claims and found them untrue.

The main worry for the province brought on by subsidence involves water, he said, with pumping and other measures needed where none was needed before because runoffs and rivers flowed naturally to the sea.

"That will be a big problem," he said. Farmers usually are the first to know when the water or the land is changing, said Pieter Bakker, chief of external communications for Netherlands Gasunie, the sole distributor of gas from the Groningen field. And he added, "For years, we haven't heard from them."

## Investment Surges on Cheaper Oil, Higher Corporate Profitability

By Sonja Mooradian

**A**MSTERDAM — Cheap oil, deflation, a stable government, a healthy economy, higher corporate profitability and a quiet labor market have together provided the impetus for a major surge of investment in the Netherlands over the last 18 months.

Last year saw a record increase in investment — up 11.5 percent from 1985. This year, the government projected an increase of only 5 percent, but companies are continuing to take advantage of cheaper steel and oil prices to modernize or build new facilities.

And although profit margins have come under pressure because of the guilder's strength within the European Monetary System, turnover has been higher, resulting in growth. With higher corporate profitability, companies are retaining their earnings and investing them in expansion.

In previous years, inward direct investment had been heavily depressed by repatriation of balances by foreign parent companies, according to De Nederlandsche Bank. But the level of investment was so high that 1986 actually saw net lending from foreign parent companies.

According to the U.S. Commerce Department, direct U.S. investment in developed countries increased by 13 percent in 1986. "Among these countries," it said, "the largest increase — \$4.6 billion — was in the Netherlands."

After major investments in the

energy sector were put on ice last year because of weak oil prices, there has been a spurt of investment in this sector. Most of the money is now going into major restructuring programs.

Last year saw a record increase in investment.

For instance, the Dutch subsidiary of Texaco is spending 50 million guilders (\$25 million) to re-amp and expand its refinery at Pernis. Texaco currently holds second position in the Dutch automobile gas market behind Shell.

The chemicals sector has also drawn huge investments despite the Environment Ministry's tough restrictions on the industry. Investments totaled 3 billion guilders last year and are expected to reach 3.7 billion guilders this year. Royal Dutch/Shell, for example, has stepped up a 500-million-guilder investment program that lay dormant for a year.

The chemicals sector has for many years been vital to the Dutch economy and has drawn huge investments (17 percent of total Dutch industry in 1986) in the last two years. But De Nederlandsche Bank has warned that the Environment Ministry's policies may make some new investors in this sector shy away from the Nether-

lands as a site for new production facilities.

The lion's share of investment in research and development comes from the chemicals sector.

More fundamental perhaps is renewed confidence in the offshore sector; almost \$2 million is slated for new drilling and production platforms next year by Pennzoil and Petroland. These are the first investments in the offshore industry since the oil price fell last year. At that time, the Nederlandse Aardolie Maatschappij (50 percent Exxon, 50 percent Royal Dutch/Shell) decided to shelve a 2 billion-guilder investment in the 'F3' oil and gas project. This year, NAM invested 1 billion guilders and will increase its investments to 2 billion for 1988.

However, despite lower drilling tariffs and depressed steel prices, the company will not resume the F3 project until it is confident that the current oil price of around \$18 a barrel is a stable one.

Confident that the coalition government's policies will contin-

ue to result in economic growth and minimal labor conflicts, companies outside of the energy sector have also shown a willingness to invest more.

Earlier this year, Elsevier NV, a publishing house, spent 500 million guilders on nearly half the shares of a smaller publisher, Kluwer NV; the Wealters Sam-

son Group spent around 500 million guilders on the other half. Douwe Egberts, tobacco and coffee merchants (94.5 percent Sara Lee Corp.), took a major step

in diversifying its business when it purchased Akzo and Royal Dutch/Shell's consumer products division for 1.25 billion guilders. The fast-food chain McDonald's

will more than double the number of restaurants it has in the Netherlands, with an investment of 100 million guilders over the next few years.

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# The Hague Burnishes A Lively New Image

By George Gudanskas

**T**HE HAGUE — Royal residence and seat of government are the words most often used to describe this unglamorous city founded more than 700 years ago on the dunes of the North Sea.

While called charming and historic by some who know it, the less charitable term The Hague dull, gray, bureaucratic, a sleepy community compared to the bustling Gateway-to-Europe capital of Amsterdam.

"That's long over," said Ad J.E. Havermans, the enthusiastic and energetic burgomaster and general promoter of The Hague, one of the four largest Dutch cities. "That has changed, very much changed in the last few years. We have seen a new spirit in the city."

The burgomaster and others say a combination of things have happened to infuse new life and vitality into the community, enhancing its international allure.

These include the fact that Queen Beatrix has chosen to make The Hague her official home and working place. She made the decision in 1982 and has since sparked interest in revisiting The Hague's gray-suit image. Burgomaster Havermans was appointed by the crown in 1985.

In addition, the city has seen the renovation of a major arts museum, has opened a complex to house the Hague Philharmonic and the Netherlands Dance Theater and has completed much-needed updating of the nearby sea-side resort of Scheveningen.

Concentrated in Amsterdam for the past decade, the Holland Festival, one of Europe's oldest cultural festivals, is coordinating with The Hague to have part of its activities, dance, performed in the city. Major modern art exhibitions have also been attracted to The Hague.

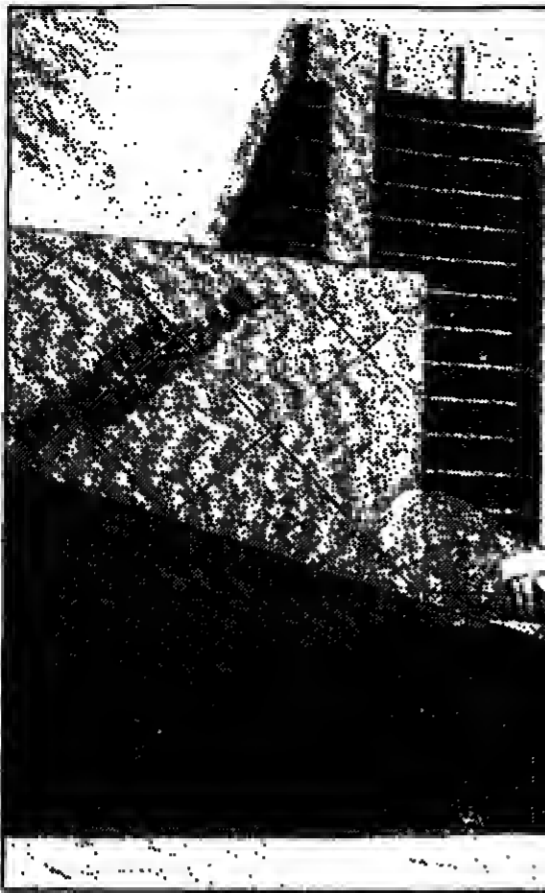
"Now, we don't have to go to Amsterdam anymore," is a common refrain among The Hague's more than half a million inhabitants, including young people who find trendy discos appearing on the nightlife scene.

Tourists leaving the beaten path also are discovering this city of wide avenues and old mansions, aided by a well-organized and coordinated promotion effort of city officials and the Netherlands Board of Tourism.

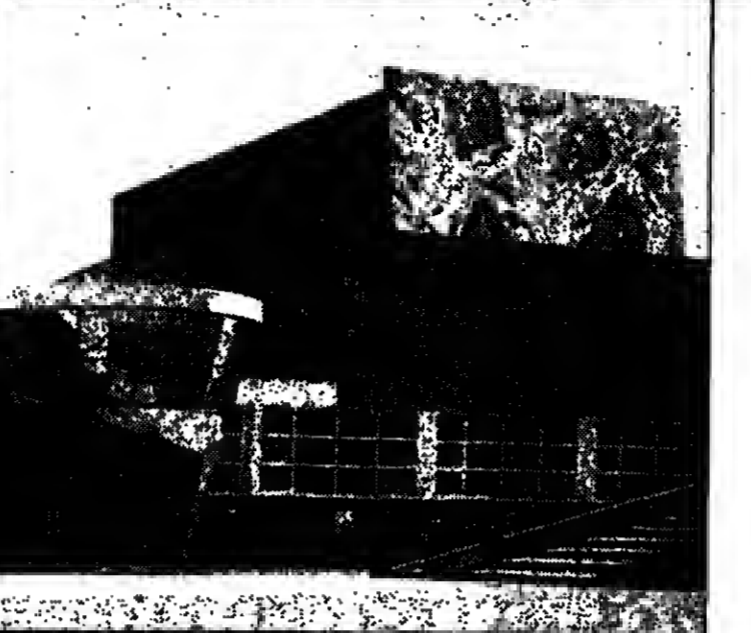
Mr. Havermans, who previously ran a smaller town in the eastern Netherlands, is emphasizing not only the "international character" of The Hague — with its more than 60 embassies, foreign schools, world courts and other such organizations — but its accessibility from other parts of the globe and its services for multinational businesses.

"The Hague is in all respects the right city for companies and organizations to settle in Europe," he said in the opening statement of a booklet about the city.

"Total product" is a phrase used by both Mr. Havermans and by Hans Cornelissen, managing director of the tourism board, when they discuss efforts to promote the historical and cultural attributes of the Netherlands and



The Netherlands Dance Theater is now housed in The Hague's new 44-million guilder auditorium.



its major cities of Amsterdam, Rotterdam, The Hague and Utrecht.

Mr. Cornelissen, at ease in the jargon of a sales-marketing man, made it clear in an interview that "Amsterdam was really, and still is, our 'A' product in a total assortment of products we can offer."

But, on the question of The Hague's changing image, he credits Mr. Havermans with finding ways to improve it.

"To govern a city is more than just sitting behind your desk," Mr. Cornelissen said. "He has a philosophy and I think this is a new point, that for a city you have to do city marketing — and not only for tourists, or government, or industry, no, it's a whole community."

The burgomaster, Mr. Cornelissen said, also sought to get service-industry businesses like banks and insurance companies to locate their headquarters in town. But he did not overlook "people needs," like refurbishing the 17th-century "New" Church or getting the national ballet to make The Hague its home.

Regrouping of the city's sprawling government offices was also taken up, the tourist board director said. For instance, the Foreign Ministry's 22 offices were finally housed in one new building next to the main railroad station.

On the topic of competition with Amsterdam, Mr. Cornelissen agreed with Amsterdam Mayor Ed van Thijn that none exists.

The Amsterdam mayor, through his spokesman, Gilbert van Stijgeren, said, "You know, there is no such thing as competition between Amsterdam and The Hague. On the contrary, we enjoy the cultural developments in The Hague, such as the theater and other things."

The Hague offers "something different," he explained. For example, Amsterdam produces "ballet of a certain character," or classical, while The Hague produces very modern dance.

The Dutch opera was in The Hague for 20 years, he noted, after being established in Amsterdam. But "the opera has left" because of space problems, "and has gone back to Amsterdam."

However, the theater opened in September

by the queen was built so that it, too, could have operatic performances. So, next year, the opera will give 30 performances in The Hague.

Mr. Cornelissen said, "There is a different image growing and the results are there."

Describing that image, he said, "If I have to sell The Hague, I say it's a pleasant, quiet city with a lot of history, with a lot of culture — in an easy-going way, not hectic — with all the facilities around, with an international atmosphere, but in a quiet way."

Mr. Havermans believes all big cities are basically alike in that they are centers of initiative, ideas and creativity.

"I think many hadn't realized until now that The Hague also had these possibilities, as well as Amsterdam and Rotterdam."

There is another feature in The Hague that is different from Amsterdam, as Frans Kruse, the nation's director-general for employment, has consistently found.

"You can park your car here," he said.

# Artists Must Struggle As State Ends Subsidy

By Ronald van de Krol

**A**MSTERDAM — Dutch artists, once used to drawing a state-backed salary, are locked in an unfamiliar struggle for survival now that the government has halted a policy of paying them a virtually guaranteed income in return for their paintings, murals and sculptures.

The demise of the Visual Artists Assistance Program, called by its Dutch initials BKR, means that for the first time since World War II, thousands of Dutch artists can no longer count on the state as a customer of last resort.

Instead, they are now forced to squeeze a living from the sale of their art on the private art market alone. That may not seem like a startling proposition to artists in other countries, but it marks an abrupt break with the past in the Netherlands.

"The problems have been enormous," said Jan Romers, an official in Kunstenaarbond, the artists' union. "Artists who had become used to a fairly secure income suddenly found that it no longer existed." Most had ended up living on state welfare and now find it difficult to pay the rent on their studios or to buy art supplies.

The center-right government, which prides itself on its "no-nonsense" reputation, had long been critical of the BKR scheme, saying it was unwieldy and had failed to produce "quality art."

Although quality may have been in short supply, there was no lack of quantity. The policy of buying art to provide artists with a living has produced "painting heaps" and "sculpture mountains" to rival the wine and milk "lakes" of the European Community.

Together, national and local governments purchased around 300,000 works of art during the BKR's 38 years of existence. Some are now displayed in schools, public buildings and Dutch embassies overseas, but the vast majority are gathering dust in government warehouses.

The abolition of the BKR program is expected to cause a number of changes in the lower to middle end of the Dutch art scene. Oil paints are tipped to start giving way to cheaper acrylics, the size of art works is expected to become smaller, and artists will inevitably have to economize on the frames they use.

"Already, we are seeing more watercolors than we did before," according to Johan Pijnappel of Kunstuitzelen, an Amsterdam "library" that has lent art to the public for a small fee for the past 30 years.

The number of artists wanting to join the art library project has grown since the BKR was abolished. At the same time, artists are also redoubling their efforts to exhibit and sell their works at private galleries.

Of course, these changes are not noticeable among the small minority of Dutch artists who make a decent living from their work and who never took part in the BKR program in the first place. But for the 2,000 former BKR recipients, the adjustment has been painful.

Theo, a 32-year-old painter from a town near Amsterdam, said he is determined to continue painting full-time despite the fact that his monthly welfare check is less than half of what he received in BKR subsidies.

"The biggest hassle is the cat-and-mouse game you have to play with the welfare office," he said, requesting that his last name not be used. "You have to prove you're looking for work if you don't want your welfare check to be doctored. But of course they know as well as I do that there just aren't any paid jobs for artists out there."

### They are now forced to squeeze a living from private sales.

The BKR scheme was originally meant as a temporary measure after World War II to prevent artists from having to accept work unrelated to their art. At the beginning, it supported only 100 artists, but their numbers swelled in the 1960s and 1970s as the Dutch welfare state grew, peaking at 3,600 in 1983.

Far from being a temporary measure, many artists received BKR subsidies for 10 years or more.

Arthur Frankhuizen, an official of the Ministry of Welfare, Health and Cultural Affairs who administered the BKR program until January, said the average artist in the scheme received 38,000 guilders (\$19,000) per year, which also included a stipend toward the cost of materials. In its last year, the BKR program cost the government 70 million guilders.

The subsidy system was based on an estimate of how much an artist needed to earn per week to support himself.

"Toward the end, this was fixed at just under 500 guilders for a married artist below the age of 34. So, if the city council bought a painting from him for 10,000 guilders, he had to wait 20 weeks before submitting a second work," Mr. Frankhuizen said. In practice, most artists sold three or four works to the government per year.

The government argues that its abolition of the subsidies should not be seen as a spending cut because the funds that were once earmarked for the BKR are now used for scholarships for promising artists and for increased spending on the arts at the regional level.

"The BKR program emphasized the artist and the artist's social position," Mr. Frankhuizen said. "The new policy takes art and the quality of art as its departure point, and everything else is derived from that. . . . Artists no longer have a right to a living."

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Elsewhere, we're always on the lookout for fresh opportunities.

We acquired Union Previsora in June this year, which together with our existing Spanish business, places AEGON among the top ten insurers in Spain.

On the six stock exchanges where we're quoted, it's hardly surprising that international investors are keeping a close watch on the AEGON symbol.

### DUTCH DRIVE THRIVING ROUND THE WORLD

To: Public Relations Department, AEGON Insurance Group, PO Box 202, 2501 CE The Hague, The Netherlands or AEGON Insurance Group, 127 John Street, New York, NY 10038

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Symbol	Price	Change
ACF Holding	59.50	
AEGON	90	
Ahold	103.80	
AKZO	177.20	
ABN	47.20	
AMV	82.50	
AMRO	65.20	
Buermann-Tet	248	
Dornische Pet	59.00	
Elekvier	58.50	
Fokker	93.60	
First Brocades	72	
Heinen	46	
Julias	22	
Keizer	65	
Landhuis	55	
Landhuis	16	



FROM AUDIO EQUIPMENT

Stampede to Safe

Gratifies Some G

By CARL GEWIR

PARIS — The international market for Eurobonds is expected to be a major factor in the success of the new market.

Major that would more price

ALL SECTIONS OF THE EUROPEAN MARKET

Currency R

See EURO BONDS, P.

Currency R

See EURO BONDS, P.

Last Week's M

All figures are as of date of publication

Handwritten signature or mark.

TO COMPUTER EQUIPMENT... TOSHIBA

FROM AUDIO EQUIPMENT... Musical notes graphic

MONDAY, NOVEMBER 2, 1987

EUROBONDS

Stampede to Safe Houses Gratifies Some Goliaths

By CARL GEWITZ International Herald Tribune

PARIS — The international capital market is being fragmented by the stock market crisis, bankers report.

There's a lot of bad news still to come out, houses that have been hit by speculating that could take some time to surface.

Such a retrenchment would reduce the amount of capital committed in the market and therefore its liquidity.

Major firms feel that less competition would allow for more reasonable pricing.

The view at the major firms is that less competition would allow for more reasonable pricing and ultimately better profits.

Regardless of whether there is a shakeout among the professionals, investors' focus on quality and liquidity is already fragmenting the market.

Bankers say they are unwilling to be market makers in small issues, which are largely defined as anything below \$200 million.

ALMOST ALL SECTORS of the Eurobond market rallied last week, the result of massive injections of liquidity into money markets by central banks.

This is a maneuver that can work only if it is aimed at gaining time: giving President Ronald Reagan and Congress the time to agree on a credible reduction in the U.S. budget deficit.

If the budget deficit is cut, such monetary ease in the United States would help offset the depth of the economic slowdown.

At the same time, if Washington restored international confidence in the dollar and in U.S. assets, there could be a capital inflow from West Germany and Japan that would help reduce the money supply in those countries.

By contrast, if Washington drags its feet on the budget, the money-supply growth figures could become worrisome.

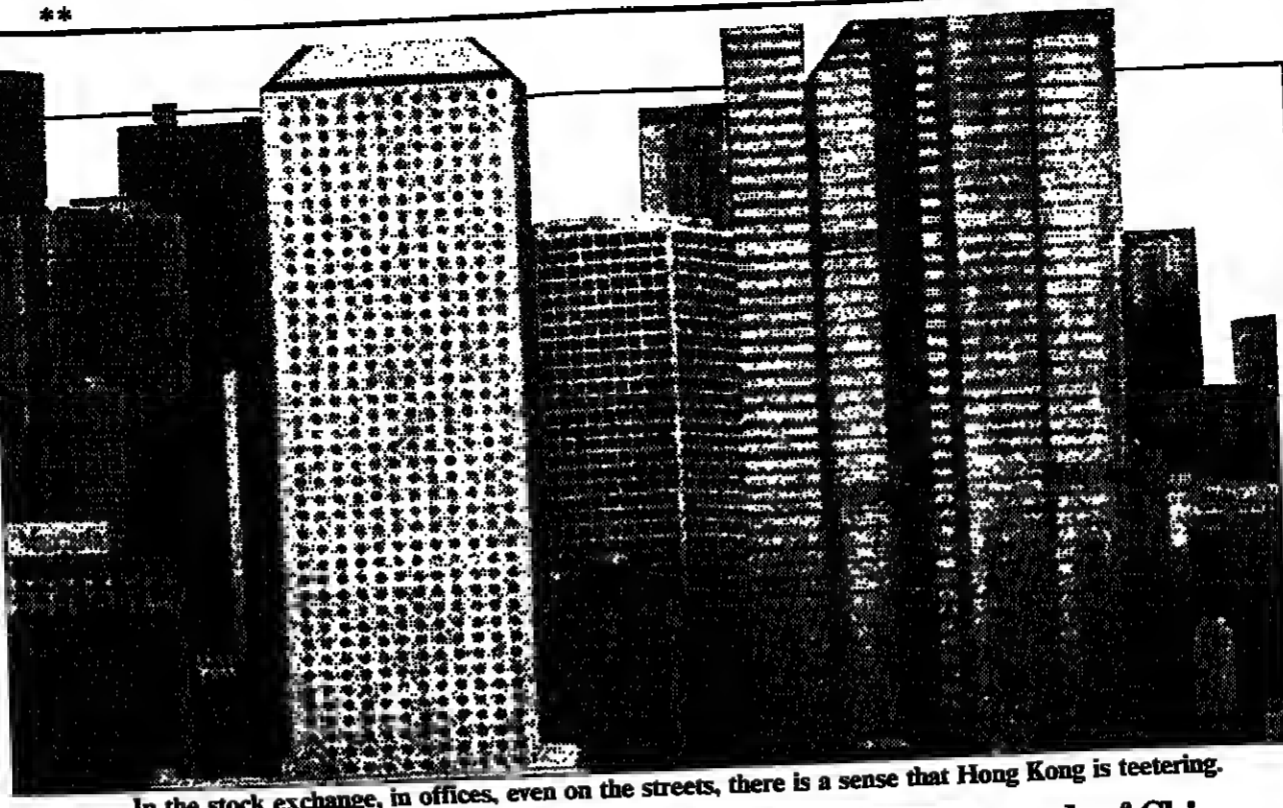
Activity in the Eurobond market last week indicated that investors assign a high probability to the latter scenario.

Euroclear, the larger of the two clearing houses for trading Eurobonds, reported that \$19.96 billion of dollar-denominated FRNs were traded last week, the largest volume since last year.

There were some efforts last week to tap into this demand. The Bank of New South Wales, which carries the guarantee of the state of New South Wales in Australia, sought the market on whether it would accept \$250 million of 10-year extendable notes bearing a coupon of 7/8 percent over the London interbank offered rate and fees of 1/4 percent.

To the end, the issue never surfaced. Bankers explained that their quality-conscious clients were not receptive to Australian risk because of the country's exposure to a downturn in the U.S. and Japanese economies.

See EUROBONDS, Page 15



In the stock exchange, in offices, even on the streets, there is a sense that Hong Kong is teetering.

After the Fall, Fear: Vertigo in Hong Kong

By Nicholas D. Kristof New York Times Service

HONG KONG — Stock markets fell everywhere last month, but it was in Hong Kong that the crash was loudest, most palpable, and perhaps most telling.

Until mid-October, Hong Kong had been a virtual money machine, with among the world's best-performing stock markets and property markets.

In a private box above the Happy Valley racecourse, where Hong Kong's tycoons gossip and gamble on horses, one financier recalled the other day that he had lost almost everything in the 1973-74 Hong Kong market crash.

plunged by 92 percent.

"It's happening again," he said, "the big slump we've all been waiting for."

These financiers may be no more correct in their predictions than they were in picking horses.

But the suddenness of the crisis that hit Hong Kong last week underlines a constant threat

See HONG KONG, Page 18



Ronald Li

Bank of China Reports No Loss

Agence France-Presse

BEIJING — The Bank of China says it suffered no "direct economic losses" as global stock exchanges crashed.

The bank, China's foreign exchange offshoot, contributed \$42.7 million last week to a \$512 million fund to salvage Hong Kong's stock futures market.

Analysts in Beijing said that China held about 10 percent, roughly \$9 billion, of the Hong Kong market's total capitalization before the crisis.

As a Nervous Market Reopens, Fears of a 'Sucker Rally' Abound

Compiled by Our Staff From Dispatches

NEW YORK — As the stock market enters its fourth week of jitters, some analysts believe that another correction or even a replay of the panic-stricken days surrounding the Oct. 19 crash may be just around the corner.

Even as investors were buying stocks at an exhaustive pace Friday and behaving as if the worst financial crisis in six decades were over, some traders suddenly turned cautious.

Many institutions wandered back to the sidelines, and market analysts who had been ebullient just the day before fell silent or revised their predictions.

On Oct. 19, the Dow Jones industrial average of 30 blue-chip stocks lost an unprecedented 508 points, or 22.6 percent of its value.

After zigzagging for a week, the Dow then rose nearly 200 points, or about 11 percent, in the last four trading sessions to close Friday at 1,993.53.

That posed a troublesome question: Was the outlook really improving, or was the market simply enjoying a temporary bounce from depressed levels?

"Too many people are getting too excited too quickly," said Eugene D. Peroni, a technical analyst from the Philadelphia investment firm Janney Montgomery Scott.

"We were buying aggressively on Wednesday, but we're back on the sidelines now," Jerry Helzner, a market strategist for Butcher & Singer, a Philadelphia investment firm, said that gains would be "much harder to come by" this week.

The pundits are spooked by two things: overly aggressive buying for a market that has just stumbled through a terrifying month, and investors' fixation on budget negotiations between the White House and Congress.

Some analysts fear that the financial markets could come crashing down again if Washington compromises on a deficit reduction package that proves unacceptable to investors.

"This market is still very sensitive," said Robert H. Stovall, president of Stovall-Twenty First Advisers in New York. "And if there is more turmoil and finger-pointing in Washington instead of strong action, I hate to think what might happen."

Mr. Helzner found Friday's aggressive buying patterns equally disturbing. "The steady dipping rally on Thursday really looked good," he said, "but as soon as the market opened on Friday, there were signs of sloppiness. There were way too many people who really thought Thursday was proof that we had seen the worst."

In the first hour of Friday's ses-

Reynolds commented, "Can you really feel comfortable buying stocks when you know that last time the Dow was at the 2,200 level, it fell 508 points? I don't know so."

High Johnson of First Albany Corp. said, "There's that fear that you're going to be blindsided again, that an unexpected shock will occur."

Yet Joseph Barthel, an analyst for Butcher & Singer Inc. in Manhattan, New York, voiced concern

See REBOUND, Page 15

Have Consumers Lost Heart? U.S. Car Sales Will Offer Clue

By Richard W. Stevenson New York Times Service

NEW YORK — On Wednesday, when automakers report their sales for the last 10 days of October, economists seeking to divine the course of the U.S. economy will pore over the figures as never before.

As the first solid piece of statistical evidence of consumer behavior since the stock market crisis began in earnest, the numbers, depending on their strength or weakness, are sure to be seen as harbingers of continued moderate economic expansion or impending malaise.

Indeed, with the turmoil in the markets abating only slowly, growth forecasts being slashed and the possibility of a recession looming, every indicator of consumer and business attitudes and behavior over the next several months, whether statistical or anecdotal, will be placed under a microscope.

There are likely to be some conflicting signals about the economy's direction, and they will be interpreted from varying perspectives.

Does the market plunge reflect underlying weakness in the economy? Or is the danger largely in the psychological effect the collapse has on consumers and businesses? It will almost certainly be 1988 before the experts get a firm grasp on what Wall Street's crazy days mean for the economy.

The last five years of economic growth have been based largely on the strength of consumer spending. With 60 to 65 percent of growth in the gross national product recently derived from the consumer, economists are watching most closely for signs that people are putting away their wallets, credit cards and check-books.

"What I'm really looking for is evidence that consumers are pulling in their horns," said Murray L. Weinbaum, a former chairman of the Council of Economic Advisers who is now director of the Center for the Study of American Business at Washington University in St. Louis.

Some economists think it takes at least 10 months for the effects of a recession to be felt in the economy.

Not Quite at Wit's End But Wall Streeters Find the Humor Wears Thin When the Joke's on Them

By Glenn Kravon New York Times Service

NEW YORK — On Wall Street, the rumor was that Merrill Lynch had adjusted its investment portfolio — to 50 percent cash and 50 percent canned goods.

On bumpers around the country, the latest sticker proclaims, "My Other Porsche is For Sale."

In Miami, production is said to have begun on a new movie, "Rambo Gets a Margin Call."

And what do you say to an investment banker? "Fill 'er up."

Such is the grim humor that has emerged on the trading floors and in the conference rooms of investment firms in the past two weeks.

Of course, for the many investors who have lost hundreds, thousands or even millions of dollars, the stock market plunge is hardly a laughing matter. It is nature of black humor is that it surfaces in the most trying times. You either laugh or cry.

Wall Street seems to generate more than its share of this kind of humor. It had a field day with the foibles of the former presidential candidate Gary Hart and the tragedy of the space shuttle. "You got 27 one-liners in 10 minutes," one investment professional said.

The difference this time, though, is that the market's collapse has hit closer to home.



More wry humor on Wall Street: The bulls were back briefly on Friday — for Halloween.

Many traders and analysts said the jokes have been far scarcer. "When bad things happen to other people, you have a lot of time to think."

See WIT, Page 15

Currency Rates

Table with columns for Cross Rates, Other Dollar Values, and Forward Rates. Includes data for various currencies like the Dollar, Euro, and Japanese Yen.

Source: Reuters Bank (Frankfurt); IMF (S.D.R.); BAI (Geneva, rival Athens); Gosbank de Paris (Paris); Bank of Tokyo (Tokyo); IMF (S.D.R.); BAI (Geneva, rival Athens); Gosbank de Paris (Paris). Other data from Reuters and AP.

Last Week's Markets

Table with columns for Stock Indexes and Money Rates. Shows changes in the Dow Jones Industrial Average, S&P 500, and various interest rates.

FOR THE INVESTOR

Advertisement for Eloff Hansson, an international trading house active in pulp, paper, machinery, chemicals, timber, building material, textiles, foodstuffs, steel, consumer goods.

Advertisement for Invest-Loan by Jyske Bank. Features a large graphic of a camera lens and text describing the investment opportunity.

Advertisement titled 'WALL ST IS DOWN BUT WE ARE UP' with a large upward-pointing arrow.

Advertisement for SULPHUR, describing it as the world's most precious metal.

Advertisement for WINDENERGY, describing it as the energy of the future.

Advertisement for MUTUAL FUNDS, listing various investment options.

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01-422-1277. Prices may vary according to market conditions and other factors.

October 29

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various regional sub-sections like Australia, Canada, Scandinavia, France, Japan, and DM Zero Coupons.

United Kingdom

Table of United Kingdom bond prices, including columns for Issuer, Con, Mat, Price, Yld, and sub-sections like Western Europe (Other), DM Zero Coupons, and DM Straights.

DM Straights

Table of DM Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and sub-sections like DM Zero Coupons and DM Straights.

DM Zero Coupons

Table of DM Zero Coupons bond prices, including columns for Issuer, Con, Mat, Price, Yld, and sub-sections like DM Straights and DM Zero Coupons.

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American Exchange Options

Table of American Exchange Options, including columns for Option & price, Colls, and Puts, with sub-sections for various currencies and regions.

DM Straights

Table of DM Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and sub-sections like DM Zero Coupons and DM Straights.

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Table of DM Zero Coupons bond prices, including columns for Issuer, Con, Mat, Price, Yld, and sub-sections like DM Straights and DM Zero Coupons.

Wall Street Review

Table of Wall Street Review, including columns for NYSE Most Actives, AMEX Most Actives, NYSE Sales, AMEX Sales, NYSE Diaries, and AMEX Diaries.

Yen Straights, ECU Straights, and other market news snippets.

Vertical text on the far right edge of the page.

Havecker Front

Volcker

A financial world incommensurate in the present is looking for a symbol. That Washington... that Washington... that Washington...

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Volcker. That was a letter published in the day. The same... doubt be found in financial centers...

Volcker. That was a letter published in the day. The same... doubt be found in financial centers...

New International Bond Issues

Compiled by Laurence Desvillettes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Includes sections for Floating Rate Notes and Fixed-Coupon.

Flight to Quality Spurs Record Week

By Carl Gewirtz. PARIS — The continuing flight to quality by investors made for a record week in the Euro-commercial paper market last week.

EUROBONDS: Is Bigger Safer?

(Continued from first finance page) clients were not pleased with the intended use of the money, reportedly to fund the bank's bond portfolio.

Japan Is Said To Urge Bidding For U.S. Bonds

Agency France-Press. TOKYO — The Finance Ministry will advise Japanese institutional investors to bid actively for U.S. government bonds in an auction this week, market sources said.

Kaufman Sees 'Symbolic' Need to Reduce U.S. Budget Deficit

As chief economist for Salomon Brothers Inc., the largest U.S. investment banking firm, Henry Kaufman has earned the distinction of being one of Wall Street's most influential forecasters.

REBOUND: CONSUMERS: Car Sales to Offer Clue on Confidence

A 'Sucker Rally'? (Continued from first finance page) least four months for the full impact of a fall in the stock market to hit consumer spending, so it is not surprising that the preliminary readings on the consumer mood are somewhat fuzzy.

WIT: Wall Street Jokes Wear Thin

(Continued from first finance page) more jokes," said Edward E. Yardeni, chief economist at Prudential-Bache Securities.

Wood Gundy Falls Victim to BP Sale

New York Times Service. TORONTO — The large takeover losses by a Canadian brokerage, Wood Gundy Inc., in underwriting the sale of British Petroleum Co. stock appear to have put in doubt First National Bank of Chicago's plans to take a stake in the brokerage.

Table with columns: Selected U.S./U.K. Quotations, Bid, Ask. Includes entries for Alan Jones Pit Stop, Bitter Corp., Chiron, GoodMark Food, MAG Holdings, NAV-AIR, Nat. Business Systems.

How the extremely rich invest to stay that way. (Details in this paper only) GRINDLAYS CAPEL-CURE. A member of the ANZ Group.

International Bank for Reconstruction and Development. Washington, D.C. DM 200,000,000. 5 7/8 % Deutsche Mark Notes of 1987/1992. Private Placement. List of participating banks including Bayerische Landesbank, Westdeutsche Landesbank, Deutsche Girozentrale, etc.

the Fallen. By sky and the slow, the bugle sounded the... yesterday (Nov. 1) on... of French... of French... of French...

NASDAQ National Market

OTC Consolidated trading for week ended Friday, October 29

Table with columns: Symbol, Bid, Ask, Last, High, Low, Close, Chg. Includes sub-sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table with columns: Symbol, Bid, Ask, Last, High, Low, Close, Chg. Continuation of NASDAQ market data.

Table with columns: Symbol, Bid, Ask, Last, High, Low, Close, Chg. Continuation of NASDAQ market data.

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Table with columns: Symbol, Bid, Ask, Last, High, Low, Close, Chg. Continuation of NASDAQ market data.

HACHETTE ANNOUNCEMENT

The Board of Directors of HACHETTE S.A. met on October 28, 1987 to approve the company results as at June 30, 1987.

End of the World

Investors who thought the world was ending during October's crash would find the right time from the wrong point.

Euromarts At a Glance

Table showing Eurobond Yields and Weekly Sales. Columns include U.S. 10Yr Int'l, 1Yr & over, etc.

Treasury Bonds

Table showing Treasury Bonds with columns: Maturity, Bid, Ask, Yield, %168.

Labor Rates

Table showing Labor Rates with columns: Month, 1987, 1986, 1985.

Indigo

Indigo is not a licensed broker. Avda Pallas de Malaga 43, Tetuan, Madrid, Spain.

Vertical advertisement for WDAQ National Market on the right edge of the page.

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NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table with columns: Sales in 100s, High, Low, Close, Net Change. Lists various stocks and their performance.

Mutual Funds

Flourish on close of trading Friday, October 29

Table listing mutual funds with columns: Fund Name, Bid, Ask, Net Change. Includes various equity and bond funds.

Table with columns: Sales in 100s, High, Low, Close, Net Change. Continuation of NASDAQ market data.

Table with columns: Bid, Ask, Net Change. Lists various financial instruments and their prices.

Table with columns: Bid, Ask, Net Change. Continuation of financial instruments and their prices.

Table with columns: Sales in 100s, High, Low, Close, Net Change. Continuation of NASDAQ market data.

Table with columns: Bid, Ask, Net Change. Continuation of financial instruments and their prices.

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Table with columns: Sales in 100s, High, Low, Close, Net Change. Continuation of NASDAQ market data.

Table with columns: Bid, Ask, Net Change. Continuation of financial instruments and their prices.

Table with columns: Bid, Ask, Net Change. Continuation of financial instruments and their prices.

Chicago Exchange Options

Figures as of close of trading Friday, October 29

Table with columns: Option & Price, Calls, Puts. Lists various options contracts and their prices.

SPORTS

SPORTS BRIEFS

Berger Easy Winner of Japanese Grand Prix

TOKYO (UPI) — Austrian Gerhard Berger, starting from pole position, led virtually from start to finish to win Sunday's Japan Grand Prix, bringing the Ferrari team its first victory in two and a half years.

Watson Extends Lead in Rich Golf Tourney

SAN ANTONIO, Texas (AP) — Tom Watson shot a 1-under-par 69 to maintain a four-stroke lead after Saturday's third round of the \$3 million Championships of Golf, the richest tournament in the sport's history.

Baumann Retires

TORONTO (UPI) — Alex Baumann of Canada, who won two gold medals in the 1984 Summer Olympics, has retired from competitive swimming.

VANTAGE POINT/George Vecsey

The Children's Hour, the Parents' Pride

NEW YORK — Lee MacPhail could sit with his son at the moment of ultimate triumph while Frank and Helen Viola had to watch their son celebrate from a distance.

ther, Larry, the innovative general manager with Cincinnati, Brooklyn and the New York Yankees, had made Lee work on a cattle ranch, literally shoveling manure, before Lee could take a job in baseball.

There were moments when the parents realized that their own identities, their own accomplishments, would be slightly sublimated to their sons' achievements.

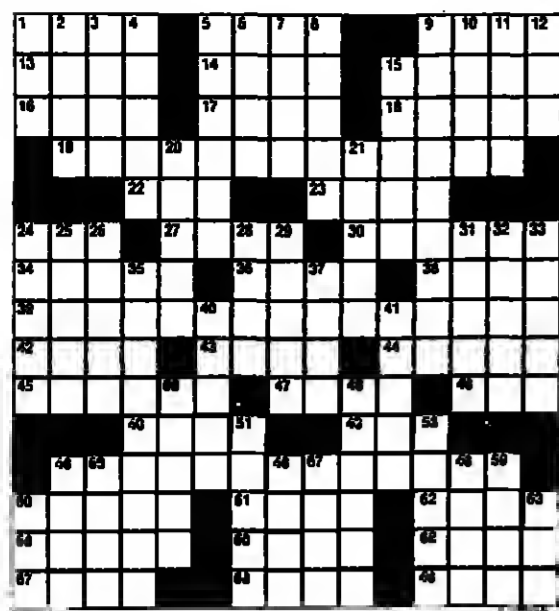
"I wouldn't want to say I was more than a sounding board," Lee MacPhail said. "He knows more about his team than I do."

During the league championship opener, Frank Jr. let a 4-1 lead get away before the Twins finally won the game. That night, while staying at his son's house, the father could not resist saying, "It just seems to me that a man of your experience should have been able to hold the lead."

Frank and Helen Viola remembered their own identities during the Series; he is the controller of radio station WEVD in New York, she is a part-time corrections officer.

Solution to Friday's Puzzle

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ACROSS 1 Irvin or Ty 5 Ray 6 Joker, e.g. 13 Actor Sharit 14 Taj Mahal she 15 Gluts 16 Monkey or tree 17 Come close 18 Caichall site 19 Hawthorne novel 22 Actor Erv 23 Pianist 24 Baseball's Mel 27 Grate 30 Wears away 34 Patsierie item 36 Finely honed 38 Lisa 39 British Museum display 42 Long time 43 Atlanta arena 44 Exploiters 45 Gymnast Mary Lou 47 Bridge term 49 Bean type 50 Kind of code 52 Cook's abbr. 54 '1 Dream! I 55 Duet 60 Gazele 61 English river 62 Ladle off 29 Famed Quaker family 31 Noted Washington couple 32 Juarez 33 Pert 35 Old or New Iollower 37 Biographer Ludwig 40 Dead duck 41 Cuban dance 46 Vestment for John Paul II 48 Where 39 Across came 51 Calculators 53 Remiss 54 Dies 55 Ennead 56 Jungle king 57 ' go brag! 58 Turkish coin 59 Bed part 60 P.D. message 63 Scot's uncle

© New York Times, edited by Eugene Malachuk.

DENNIS THE MENACE



"HELLO, YOU'RE ON THE AIR ON 'OPEN FORUM' WHO IS THIS, PLEASE?" "THIS IS DENNIS MITCHELL."

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words. ESSOU, RODOB, CLOWAL, STRUME. Answer here: A

WEATHER

Table with columns for EUROPE, ASIA, AFRICA, LATIN AMERICA, NORTH AMERICA, MIDDLE EAST, OCEANIA. Rows list cities and weather conditions.

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



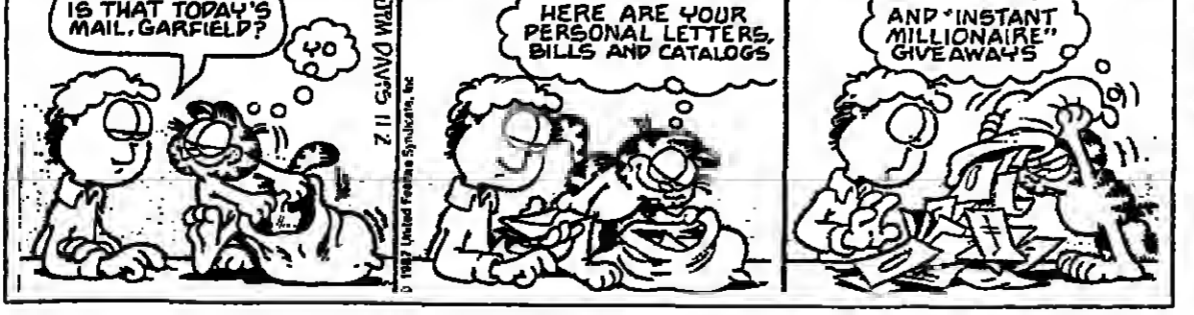
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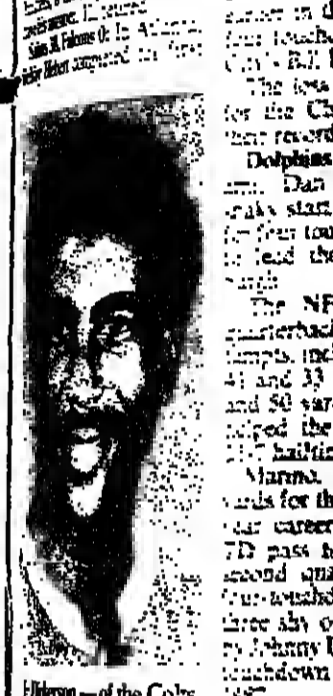
GARFIELD



HONG KONG: After Free-Fall, Fear Lingers

(Continued from first finance page) The territory's gleaming business district. It is the economic equivalent, magnified a five times, of the apprehension that some Chinese hold of a devastating earthquake.

Advertisement for Dickerson's D... Trade Fro... Bears 31... Dickerson's D... Trade Fro... Bears 31... Dickerson's D... Trade Fro... Bears 31...

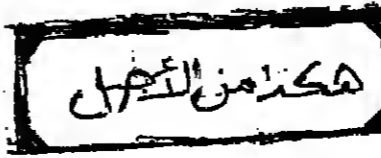


KOREBOARD

Table with columns for Hockey, Standings, and various league information.

Stock Mutual Funds

Mostly Trailed Market By Eric Berg NEW YORK — Many individual investors who thought they would be safer stock mutual funds had a nasty awakening in the stock market fiasco.





Scabs, Ginks and Finks

By William Safire

WASHINGTON — "Seab Ball" was the label pinned on the professional football player by the sportswriters as Tony Kornheiser of the Washington Post... The use of the word is intended to impute disgust... "Seab" is a harshest, perhaps derived from the 1580s English dialect word gony, "simpleton."

Pontus Hulten Returns to Beaubourg Museum

International Herald Tribune PARIS — Something has gone wrong at the Pompidou center, as many visitors have observed and as Pontus Hulten, the first director of the center's museum, is among the first to admit.



"I've been so depressed by the place that I haven't gone," says Pontus Hulten as he returns to the Pompidou center.

MARY BLUME crammed. But after a brilliant and tumultuous start 10 years ago, the center has settled into uneasy middle age compounded by staff resignations and sinking morale.

Hulten says it's hard to know exactly what has gone wrong or what should be done. "Frankly I cannot answer because I've been so depressed by the place that I haven't gone," he says. Hulten directed the museum from its inception until 1981 when he left to head the Los Angeles Museum of Contemporary Art.

people talk about the inside of James Stirling's Stuttgart museum. What the coming decade will bring, Hulten says, depends on which city one is talking about.

"There is no answer to the question of an ideal museum. Each city's needs are different and also it depends on the existing institutions — you have to fit into what the city needs and wants and already has."

Understandably reticent about specifics so early in the job Hulten has a general view of Beaubourg's function at the present time. "I would like for museums to be more like reference places where you can check on what's happened and what's going on. Exhibitions should concentrate more on the contemporary at Beaubourg, rather than continue with the historical shows."

Beaubourg, as the center is popularly known, was the last example of the 1960s idea of the museum as a cultural center. The recent decade has seen the museum as an object of display, civic, corporate and, above all, architectural (few

which is now reserved for historical shows."

One of the best known figures on the international art scene ("He has an appealingly shiny reputation," says a member of Britain's backing art establishment) Hulten, 63, is a Swede who was the first director of Stockholm's Moderna Museet and who had mounted shows at the Stedelijk in Amsterdam and New York's Museum of Modern Art before being named director of the rebuilt Pompidou museum in 1973.

A genial man and an enthusiastic sailor (he took his sailboat to Los Angeles and to Venice), Hulten is an astute politician in the widest meaning of understanding very well whichever polis he happens to find himself in. Widely

criticized for not being French when he was appointed to Beaubourg, Hulten says with a smile that this turned out to be a great advantage.

"It certainly helped me to France to be a foreigner. There are lots of things that you don't have to know about. Also, you are not so afraid to speak in one's own language."

At the beginning he had to fight criticism of the building's tinker architecture and the fact that the museum's collection was sparse indeed. During his tenure the collection expanded splendidly but getting the French to accept contemporary art was more difficult. In the six years that he has been away, he thinks the situation has greatly changed.

"The Beaubourg effect has been in operation in the sense that politicians have understood on a very broad level that you don't lose

votes if you support contemporary art. So what's happening in France in general is that museums and exhibition spaces around the country have changed their programs radically. Paris has become a most active and adventurous site for contemporary art."

While in Paris Hulten will oversee the final planning and opening, in the fall of 1988, of the Institut des Hautes Etudes d'Arts Plastiques, the Enud-delays multi-discipline arts study section of the Pompidou center.

The institute, which will be located in a fine late-Gothic building on the Left Bank that served lately as a fire station, will enable a small multinational group of young artists to live and work with visiting professors.

"I think we'll be able to get very good visiting professors because the chance to work with brilliant young people for two months is great even if it is also very tire-

some, which it may be," Hulten says.

Such institutions as Black Mountain College and Princeton's Institute of Advanced Study have provided inspiration, as has, inevitably, the Bauhaus.

"The Bauhaus is different, though, because it was in a small city. Both Weimar and Dessau were rather tiny — it was similar to a region in a small city where the professors were the officers and the students the enlisted men."

"I think today it would be totally out of the question to try something like the Bauhaus. In Paris the great personalities will be there for a short time and you have to get the maximum out of that time. Buckminster Fuller always started his lectures by saying, 'We will be together two or three hours, this is the unique chance that we have.' For me the concentration is important — if you have somebody who is an authority and you want to talk to him about what he knows best, why shouldn't it work?"

Hulten's first shows after Beaubourg's opening were what he lightly referred to as Ping-Pong blockbuster exhibitions such as Paris-New York and Paris-Berlin and Paris-Moscow that flattered France's image of itself as the birthplace of modern art and that by emphasizing the past glossed over the barren contemporary French art scene.

"The beginning of the century had not been dealt with in a coherent way, and as much of what happened happened in Paris it was logical to bring these facts together and show how the beginning of the century was formed in a dialogue between Paris and other parts of the world," Hulten says.

He thinks that today the time for huge pedagogical shows is past although he is in favor of smaller ones. One of the first challenges will come in the form of a subject that is causing headaches right now in institutions throughout France: how to celebrate the bicentennial of the French Revolution in 1989.

"I think we should do a very international exhibition on a very international subject and not try to make a commemoration," Hulten says. "It should be more like a gift than anything else."

which may have changed in a decade to finks.

Or maybe not. Flexner's new Random House unabridged dictionary speculates that, in German, Fink is the name of the bird we call the finch, and also refers colloquially to an undesirable person. In German compounds, the syllable is used to impute untrustworthiness; a *Duckfink* is a spywhistle and *Schnackfink* is a "happy whistler." That's a less likely etymology than the mispronounced Pinkerton (whose symbol, an open eye with the slogan "We never sleep" under it, gave us the expression private eye).

My colleague in columny, Russell Baker, nobody's *Schmierfink*, was moved before Labor Day to evoke a song best known to labor skates. "Let us disturb the bottom-line disposition of this once-famous weekend to sing an old union song crying defiance of 'goons and ginks and company finks and deputy sheriffs that made the raids.' The tune is 'Redwing, Ready?'"

I am uneasy to be sidetracked from *fink*. (Goon is a harshest, perhaps derived from the 1580s English dialect word gony, "simpleton," and popularized by the hairy creature Alice the Goon in the cartoon "Poppye." *Gink*, a 1910 synonym for "jerk," may come from carnival usage.)

ALTHOUGH *scab's* slang meaning is limited to labor lingo, *fink* has broadened to include any dirty, low-down, miserable object of scorn. As early as 1903, the longest George Ade was writing that "Anyone who goes against the Faculty single-handed is a *Fink*." In a piece on corporate ethics in last month's *Business Month*, Thomas J. Murray wrote: "It is no secret, for example, that most senior executives are contemptuous of whistle-blowers, labeling them 'snitches' and 'finks' and often demoting or firing them."

*Fink* is also a verb — "to inform on," or otherwise to play the game of *out* as a verifying phrase-maker has led to the expression *to fink out*. I would resist this latest nonce use, as it detracts from the power of the single-syllable derogation.

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